GLAXOSMITHKLINE CONSUMER NIGERIA PLC

UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

GlaxoSmithKline Consumer Nigeria Plc

Unaudited Consolidated and Separate Statement of Profit or Loss and other Comprehensive Income
For the period ended 30 June 2022

	GROUP			
	April - June 2022	Jan - June 2022	April - June 2021	Jan - June 2021
	N'000	N'000	N'000	N'000
Revenue	7,451,236	14,811,269	6,400,519	9,862,411
Cost of sales	(5,665,010)	(11,066,784)	(4,663,384)	(7,087,471)
Gross profit	1,786,226	3,744,485	1,737,135	2,774,940
Investment income	18,430	44,747	19,149	25,277
Other gains and losses	7,166	(55,997)	(67,944)	(102,065)
Impairment of financial assets	(27,259)	(40,209)	(12,710)	(19,404)
Finance costs	-	-	(1,502)	(3,573)
Selling and distribution costs	(1,099,340)	(2,169,699)	(856,686)	(1,599,530)
Administrative expenses	(453,501)	(1,005,771)	(490,688)	(986,956)
Profit before tax	231,722	517,556	326,754	88,689
Income tax expense	(76,739)	(168,206)	(28,784)	(28,784)
Total profit after tax for the period	**154,983**	**349,350**	**297,970**	**59,905**
Profit for the period attributable to:				
Shareholders of the Company	154,983	349,350	297,970	59,905
Non-controlling interest	-	-	-	-
	154,983	349,350	297,970	59,905
Total comprehensive loss for the period attributable to:				
Shareholders of the Company	154,983	349,350	297,970	59,905
Non-controlling interest	-	-	-	-
	154,983	349,350	297,970	59,905
Basic and diluted earnings per share (Kobo)				
From continuing operations	13	29	25	5
From continuing and discontinuing operations	13	29	25	5

GlaxoSmithKline Consumer Nigeria Plc
Unaudited consolidated and separate statement of financial position
As at 30 June 2022

		GROUP			COMPANY		
	Notes	**As at 30 June, 2022 N'000**	**As at 31 December 2021 N'000**	**As at 30 June, 2021 N'000**	**As at 30 June, 2022 N'000**	**As at 31 December 2021 N'000**	**As at 30 June, 2021 N'000**
Assets							
Non-current assets							
Property, plant and equipment	12	495,284	540,339	1,705,964	495,284	540,339	1,705,964
Deferred tax asset	10.2	231,223	231,223	450,956	231,223	231,223	450,956
Right of use assets		-	14,481	75,610	-	14,481	75,610
Investment property		583,203	585,532	152,676	583,203	585,532	152,676
Investment in subsidiary	13	-	-	-	160	160	160
		1,309,710	1,371,576	2,385,206	1,309,870	1,371,735	2,385,366
Current assets							
Inventories	14	5,205,618	6,045,400	4,419,017	5,205,618	6,045,400	4,419,017
Trade and other receivables	15	6,281,906	5,170,886	5,638,263	6,281,906	5,170,886	5,638,263
Other assets	16	169,023	202,846	398,165	169,023	202,846	398,165
Cash and bank balances	17	12,877,541	12,746,570	10,665,833	12,877,541	12,746,570	10,665,833
Assets classified as asset held for sale		691,462	715,455	-	691,462	715,455	-
		25,225,550	24,881,157	21,121,278	25,225,550	24,881,157	21,121,278
Total assets		**26,535,260**	**26,252,733**	**23,506,484**	**26,535,420**	**26,252,892**	**23,506,644**
Equity and liabilities							
Equity							
Issued share capital	18.1	597,939	597,939	597,939	597,939	597,939	597,939
Share premium	18.2	51,395	51,395	51,395	51,395	51,395	51,395
Retained Earnings		8,461,322	8,650,116	8,051,210	8,292,826	8,480,771	7,880,609
Total equity		9,110,656	9,299,450	8,700,544	8,942,160	9,130,105	8,529,943
Non-current liabilities							
Liability for share-based payments		26,279	26,279	30,730	26,279	26,279	30,730
Total non-current liabilities		26,279	26,279	30,730	26,279	26,279	30,730
Current liabilities							
Trade and other payables	19	17,018,756	16,731,849	14,616,462	17,200,749	16,915,099	14,800,970
Lease liabilities		-	1,500	38,139	-	1,500	38,139
Contract liabilities	19.1	178,459	90,841	56,220	178,459	90,841	56,220
Income tax payable	10.1	201,110	102,813	64,389	187,773	89,067	50,643
Total current liabilities		17,398,325	16,927,003	14,775,210	17,566,981	17,096,507	14,945,972
Total liabilities		17,424,604	16,953,282	14,805,940	17,593,260	17,122,787	14,976,702
Total equity and liabilities		**26,535,260**	**26,252,732**	**23,506,484**	**26,535,420**	**26,252,892**	**23,506,644**

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 28 July 2022 and signed on its behalf by:

Mr. Edmund C. Onuzo
Chairman
FRC/2015/IODN/00000011038

Mr. Olakunle Azeez Oyelana
Managing Director
FRC/2020/003/00000020395

Adewale Vincent
Senior Finance Manager
FRC/2018/ICAN/00000018187

GlaxoSmithKline Consumer Nigeria Plc
Unaudited consolidated and separate statement of cash flows
For the period ended 30 June 2022

		GROUP			COMPANY		
	Notes	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Cash flows from operating activities							
Profit for the year		349,350	658,811	59,905	350,198	661,325	59,905
Adjustment for:							
Income tax expense recognised in profit or loss	10.1	168,206.00	286,941	28,784.08	168,615.00	286,941	28,784.08
Depreciation (including investment property and right of use asset)	12	60,363	434,232	180,906	60,363	434,232	180,906
Loss/(gain) on disposal of property, plant and equipment	8	(27,959)	(6,183)	(3,202)	(27,959)	(6,183)	(3,202)
Interest on term deposits	7	(44,747)	(93,545)	(25,277)	(44,747)	(93,545)	(25,277)
Finance cost		-	4,669	3,573.00	-	4,669	3,573.00
Other adjustments to property, plant and equipmen	12	-	18,475	15,015	-	18,475	15,015
Share based payment expense		-	6,027	-	-	6,027	-
Working capital adjustments:							
Changes in inventories		839,782	(2,762,961)	(1,136,578)	839,782	(2,762,961)	(1,136,578)
Changes in trade receivables		(1,111,019)	(520,930)	(988,309)	(1,111,019)	(520,930)	(988,309)
Changes in prepayments		33,823	170,929	(24,390)	33,823	170,928	(24,390)
Changes in contract liabilities		87,618	(14,765)	(49,386)	87,618	(14,765)	(49,386)
Changes in trade and other payables		3,507	3,126,137	1,036,819	2,250	3,123,624	1,036,819
		358,924	1,307,837	(902,140)	358,924	1,307,838	(902,140)
VAT paid		(9,925)	(195,962)	-	(9,925)	(195,962)	-
Income tax paid	10	(69,909)	(747,318)	(747,318)	(69,909)	(747,318)	- 747,318.00
Net cash generated by operating activities		279,090	364,557	(1,649,458)	279,090	364,557	(1,649,458)
Cash flows from investing activities							
Proceeds from sale of property, plant and equipment		51,952	6,183	3,202	51,952	6,183	3,202
Interest received	7	44,747	93,545	25,277	44,747	93,545	25,277
Purchase of right of use asset		-	(183,277)	-	-	(183,277)	-
Purchase of property, plant and equipment	12	-	(43,441)	(48,375)	-	(43,441)	(48,375)
Net cash flows generated by/(used in) investing activities		96,699	(126,990)	(19,896)	96,699	(126,989)	(19,896)
Cash flows from financing activities							
Share based payment settlement		-	(10,478)	-	-	(10,478)	-
Final dividends paid to shareholders of the Company		(244,818)	(256,322)	(478,351)	(244,818)	(256,322)	- 478,351.00
Lease liability paid		-	(153,220)	(72,044)	-	(153,220)	- 72,044.00
Proceed from lease liability		-	43,441	-	-	43,441	-
Net cash flows used in financing activities		(244,818)	(376,579)	(550,395)	(244,818)	(376,579)	- 550,395.00
Net increase in cash and cash equivalents		130,971	(139,012)	(2,219,749)	130,971	(139,012)	(2,219,749)
Cash and cash equivalents at 1 January		12,746,570	12,885,582	12,885,582	12,746,570	12,885,582	12,885,582
Cash and cash equivalents at 30 June & December	17	12,877,541	12,746,570	10,665,833	12,877,541	12,746,570	10,665,833

GlaxoSmithKline Consumer Nigeria Plc
Unaudited consolidated and separate statement of changes in equity
For the period ended 30 June 2022

Group	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2021	597,939	51,395	8,469,656	9,118,990
Profit for the period	-	-	59,905	59,905
Dividends declared	-	-	(478,351)	(478,351)
At 30 June 2021	597,939	51,395	8,051,210	8,700,544
At 1 January 2021	597,939	51,395	8,469,656	9,118,990
Profit for the year	-	-	658,811	658,811
Dividends declared	-	-	(478,351)	(478,351)
At 1 January 2022	597,939	51,395	8,650,116	9,299,450
Profit for the period	-	-	349,350	349,350
Dividends declared	-	-	(538,144)	(538,144)
At 30 June 2022	**597,939**	**51,395**	**8,461,322**	**9,110,656**

Company	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2021	597,939	51,395	8,297,798	8,947,132
Profit for the period	-	-	61,162	61,162
Dividends declared	-	-	(478,351)	(478,351)
At 30 June 2021	597,939	51,395	7,880,609	8,529,943
At 1 January 2021	597,939	51,395	8,297,798	8,947,132
Profit for the year	-	-	661,325	661,325
Dividends declared	-	-	(478,351)	(478,351)
At 1 January 2022	597,939	51,395	8,480,772	9,130,106
Profit for the period	-	-	350,198	350,198
Dividends declared	-	-	(538,144)	(538,144)
At 30 June 2022	**597,939**	**51,395**	**8,292,826**	**8,942,160**

1.1 Corporate information

The Company is a public limited liability company incorporated in 1971 and domiciled in Nigeria where its shares are publicly traded. 46.4% of the shares of the Company are held by Setfirst Limited and Smithkline Beecham Limited (both incorporated in the United Kingdom); and 53.6% by Nigerian shareholders. The ultimate parent and ultimate controlling party is GlaxoSmithKline Plc, United Kingdom (GSK Plc UK). GSK Plc UK controls the Company through Setfirst Limited and Smithkline Beecham Limited.

The registered office of the Company is located at 1 Industrial Avenue, Ilupeju, Lagos.

The principal activities of the company are manufacturing, marketing and distribution of consumer healthcare and pharmaceutical products.

The consolidated financial statements of the Group for the period ended 30 June 2022 comprise the result and the financial position of GlaxoSmithkline Consumer Nigeria Plc (the Company) and its wholly owned subsidiary– Winster Pharmaceuticals Limited which has no turnover for the current period following the sale of its only product to a third party on 30 April 2012.

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule), the Company maintains effective Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy is regularly reviewed and updated by the Board. The Company has made specific inquiries of all the directors and other insiders and is not aware of any infringement of the policy during the period.

These consolidated and separate financial statements for the period ended 30 June 2022 have been approved for issue by the directors on 28 July 2022.

2.1 New and amended IFRS Standards that are effective for the current period

i) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
a) A practical expedient to require contractual changes, or changes to cash flows that are directly required
by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
b) Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
c) Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Directors have reviewed the amendments to the IFRS and are of the opinion that this has no material impact on the Group's consolidated financial statements

ii) Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:
a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2022, (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2022); and
c) There is no substantive change to other terms and conditions of the lease.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

The Directors have reviewed the amendments to the IFRS and are of the opinion that this has no material impact on the Group's consolidated financial statements

2.2 **New and revised IFRSs Standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

i) IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

ii) Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture

The effective date of amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

iii) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

iv) Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

v) Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

vi) Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

vii) Amendments to IAS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

viii) Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a SingleTransaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The directors of the Group are currently assessing the impact of the amendments to determine the impact they will have on the Group’s accounting policy disclosures.

x) Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards.

- IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences.

- IFRS 9 Financial Instruments

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

- IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

- IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated and separate financial statements:

3.1 Reclassification

Certain reclassifications have been made to prior year's financial statements to aid comaprability with the current year's financial statements. This reclassification has had no impact on prior year's reported position.

3.2 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) that are effective at 31 December, 2020 and the requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and Finance Reporting Council (FRC) Act of Nigeria.

3.3 Basis of preparation

The consolidated and separate financial statements have been prepared on a historical cost basis and are presented in Naira. All values are rounded to the nearest thousand (N’000), except when otherwise indicated.

3.4 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Company and its subsidiary (Winster Pharmaceutical Limited) as at 31 March 2022.
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 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 recognised 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 re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group’s accounting policies.
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 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 to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as 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 reclassified to profit or loss.

The investments in subsidiary is valued at cost within the Company financial statements.

3.5 Business combinations

Business combinations are accounted for using the acquisition accounting method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. The costs of acquisition are charged to the income statement in the period in which they are incurred. Where not all of the equity of a subsidiary is acquired the noncontrolling interest is recognised either at fair value or at the non-controlling interest's share of the net assets of the subsidiary, on a case-by-case basis. Changes in the Group's ownership percentage of subsidiaries are accounted for within equity.

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.7 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated and separate financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.8 Revenue recognition

Revenue is recognised by applying a five-step approach:

· Identify the contract
· Identify the separate performance obligations in the contract
· Determine the transaction price
· Allocate the transaction price to separate performance obligations
· Recognise revenue when (or as) each performance obligation is satisfied

3.8.1 Identify the contract

Any agreement that creates enforceable rights and obligations is a contract. This covers revenue arising from contracts for:
(a) Sale of the Groups products to retail customers, wholesalers or distributors;
(b) Sale of products under contract manufacturing agreements;
(c) Licences of GSK intellectual property;
(d) Divestments of PP&E and intangible assets.
It does not cover revenue arising on sales of businesses or from collaboration agreements.

3.8.2 Identify the separate performance obligations in the contract

Performance obligations are the explicit or implicit promises made to the customer or licensee in a contract. In a multi-element arrangement, it is necessary to determine if the promises made are distinct from each other or should be accounted for together as a bundle.

3.8.3 Determine the transaction price

The transaction price is the amount of consideration that GSK is entitled to for the transfer of goods or services.
The price may include variable consideration where either
• uncollected revenue is contingent on future events occurring, such as meeting a sales milestone; or
• GSK's ability to retain revenue already invoiced or collected is contingent on future events not occurring, such as retrospective rebates being awarded by GSK or products being returned by the customer.
Variable consideration is estimated and recognised as revenue when it is highly probable that a significant reversal of the cumulative revenue recognised will not occur in future periods.

3.8.4 Allocate the transaction price to separate performance obligations

The total consideration in a contract is divided between each of the distinct performance obligations in that contract on the basis of the standalone selling price of each.

3.8.5 Recognise revenue when (or as) each performance obligation is satisfied

Revenue is recognised in the Income Statement when or as GSK fulfils its performance obligations. In the case of sale of products or divestment of other assets, this is when control of the products or assets has been transferred to the customer or buyer. In the case of services, the obligation is satisfied over the period of provision of the services.

Dividend and Interest income

Dividends are recognised when the Group's right to receive payment has been established, i.e. when the paying entity is irrevocably committed to paying the dividend which may be only on payment date or on approval by the shareholders of the dividend-paying entity

Rental Income

Rental and interest income are recognised when the Group's right to receive payment has been established, i.e. when the paying entity is irrevocably committed to paying the rental or interest income

3.9 Foreign currencies

(i) Functional and presentation currency

The Group measures the items in its financial statements using the currency of the primary economic environment in which it operates (the functional currency); the financial statements are presented in Nigerian Naira which is the Group's presentation and functional currencies.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

3.10 Taxes

Current income tax

The current income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA), CITA is assessed at 30% of the adjusted profit while Education tax is assessed at 2.5% of the assessable profits.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.11 Property, plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, less accumulated depreciation and accumulated impairment loss if any. Such cost includes the cost of replacing component parts of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful life. The normal expected useful life for the major categories of property, plant and equipment are:

- Leasehold land	Over the life of the lease
- Buildings	Lower of lease term or 50 years
- Plant and machinery	10 to 15 years
- Furniture, fittings and equipment	4 to 7 years
- Motor vehicles	4 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases, all other leases are classified as finance leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.13 Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity interest of another entity.

3.13.1 Financial asset

A financial asset is any asset that is:

• cash;
• an equity instrument of another entity;
• a contractual right to receive cash or another financial asset (e.g. receivables); or
• a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to GSK (e.g. derivatives resulting in an asset, bonds and investments)

3.13.2 Financial liability

A financial liability is any liability that is:

• a contractual obligation to deliver cash or another financial asset (e.g. payable); or
• a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group (e.g. payables, loans and derivatives resulting in a liability).

3.13.3 Amortised cost

Most of GSK's financial assets and liabilities are measured at amortised cost, including most trade receivables and trade payables. The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured at initial recognition minus principal repayments to date, and minus any reduction for impairment.
If there is a difference between the initial amount and the maturity amount (arising from reasons other than impairment), amortised cost will also be plus or minus the cumulative amortisation using the effective interest method.

3.13.4 Effective interest method

The effective interest method calculates amortised cost by allocating the interest payment or expense over the relevant period. This calculation only applies if a premium has been paid or a discount received. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When estimating cash flows, all contractual terms are considered but expected future credit losses are not taken into account unless the financial instrument is credit-impaired.

3.13.5 Expected credit loss (ECL)

The expected credit loss is the difference between the cash flows due under the contract and the cash flows expected to be received, discounted at the original effective interest rate. An expected credit loss allowance is similar to an impairment provision.

3.13.6 Expected credit loss allowance

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g. most trade and other receivables, is set up through the Income Statement at initial recognition of the asset. The ECL is deducted from the carrying value of the asset on the balance sheet. Subsequent movements in the ECL (including release of the ECL if the asset is recovered in full) are reported in the Income Statement.

All ECL (impairment) allowances must be reviewed at least quarterly.
In applying the IFRS 9 impairment requirements, an entity needs to apply one of the following approaches:
• The simplified approach, which will be applied to trade receivables .
• The general approach, which will be applied to other receivables, including royalty receivables, and to loan assets and investments in debt securities.

(a)The simplified impairment approach

The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. GSK entities use a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix should incorporate forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns, such as public (government) and private customers

(b) The general impairment approach

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL).
For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required.

Indicators of a significant increase in credit risk include:
• An actual or expected significant change in the financial asset's external or internal credit rating;
• Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations, such as an increase in interest rates or a significant increase in unemployment rates;
• An actual or expected significant change in the operating results of the debtor;
• Significant increases in credit risk on other financial instruments of the debtor;
• An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations, such as a decline in the demand for the debtor's sales product because of a shift in technology;
• Expected changes in the loan documentation (i.e. changes in contract terms) including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
• Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group (e.g., an increase in the expected number or extent of delayed contractual payments); and
• Past due information on debtors.
For current assets (expected to be recovered in less than 12 months), there will be no difference between the 12-month ECL and the lifetime ECL.

(c) Credit-impaired assets

Under both approaches, when the asset becomes credit impaired due to the occurrence of a 'loss event' additional expected credit loss should be recognised. Loss events may include:
• Significant financial difficulty of the customer;
• It becoming probable that the customer will enter bankruptcy or other financial reorganisation;
• A breach of contract such as default or past due event;

If the credit-impaired asset is interest-bearing, interest should be calculated on the net asset balance, i.e. the gross amount adjusted for ECLs.

(d) Asset write-off
The asset, or a portion thereof, is written off through utilisation of the ECL allowance once there is no reasonable expectation of recovery. This point is a matter of judgement that will depend on facts and circumstances. Indicators include:
• Status of the debtor e.g. liquidation;
• Number of days past due or number of days since the last payment was received.

3.14 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. 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 applicable variable selling expenses.

3.15 Cash and cash equivalents
Cash and bank balances in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated and separate statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.16 Impairment of non-current assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

3.17 Pensions and other post employment benefits
The Group operates a pension fund scheme for the benefit of all of its employees.

(i) **Pension fund scheme**: the Group in line with the provisions of the Pension Reform Act 2014, which repealed the Pension Reform Act No. 2 of 2004, has a defined contribution pension scheme for its employees. Contributions to the scheme are funded through payroll deductions while the Group's contribution is charged to the profit or loss. The Group contributes 10% while the employees contribute 8% of the pensionable emoluments.

(ii) **Bonus plan:** the Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit for the year and the performance rating of each staff. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.18 Segment report
The Group defines it segments on the basis of business sectors. The segments are reported in a manner consistent with internal reporting guidelines provided by the GSK Group (UK).

The Group's segment report has been prepared in accordance with IFRS 8 based on operating segment and product ownership identified by the group and takes geographical reporting into considerations. The operating segments consist of Pharmaceuticals (Prescription drugs and vaccines) and Consumer Healthcare (Oral care, OTC medicines and nutritional healthcare). The Group's management reporting process allocates segment revenue and related cost on the basis of each operating segment. There are no sales between the operating segments.

3.19 Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated.

3.20 Share-based payments
Share-based payment transactions of the Group
The Group does not have an equity settled share option plan.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

GSK operates a share value plan, whereby awards are granted to employees, to acquire shares in GlaxoSmithKline Plc. Under the Share Value Plan, share awards are granted to certain employees at no cost. The awards vest after two and a half to three years and there are no performance criteria attached.

3.21 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 income statement over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

3.21.1 Borrowing cost

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.22 Dividend

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

3.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3.24 Disposal groups held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

3.25 Research and development

Research and development expenditure is charged to the income statement in the period in which it is incurred. Property, plant and equipment used for research and development is capitalised and depreciated in accordance with the Group's policy.

3.26 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the cost model. In line with the cost model, investment property is accounted for as cost less accumulated depreciation and less accumulated impairment losses.

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

4. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

Going concern

The Directors do not consider Winster Pharmaceutical Limited (the wholly owned subsidiary) to be a going concern. This is as a result of the sale of the Company's only product - Cafenol, to a third party on 30 April 2012. The implication of this is that the assets of the Company have been stated at their realisable values and liabilities are all treated as current.

Revenue recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated and separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted as at the balance sheet date.

Expected credit loss allowance

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g. most trade and other receivables, is set up through the Income Statement at initial recognition of the asset. The ECL is deducted from the carrying value of the asset on the balance sheet. The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. The Group uses a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix incorporates forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns, such as public (government) and private customers.

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. ‘good’ exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL). For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required.

Year end translation rate

IAS 21 requires that at each reporting period, monetary assets and liabilities be translated using the closing rate. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. In prior years, translation of monetary assets and liabilities has been done using the central bank of Nigeria or Inter-bank rates.

During the year, the rate available to the company are shown below:
-The CBN rate
-Inter-bank rate and
-The GSK UK Group rate

In translating year end monetary assets and liabilities, inter-bank rates which represents the rate at which the company funded its foreign currency transactions have been utilised.

5 Revenue

The following represents the Group and Company's revenue for the year from continuing operations excluding investment income.

	Group & Company		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Revenue from the sale of goods - local	14,811,269	22,301,368	9,786,121
Revenue from the sale of goods - export	-	148,456	76,290
	14,811,269	**22,449,824**	**9,862,411**

5.1 Segment information

Product and services from which reportable segments derive their revenue

The Chief Operating Decision Maker has been identified as the Management Team. For management purposes, the Group is organised into business units based on their products and has two reportable segments as follows:

Consumer Healthcare segment consisting of oral care, over-the-counter (OTC) medicines; and Pharmaceuticals segment consisting of antibacterial, vaccines and prescription drugs.

Management team monitors the operating results of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and operating profit or loss and is measured consistently with operating profit or loss in the consolidated and separate financial statements.

There are no sales between business segments.

The Group's reportable segments under IFRS 8 are Consumer Healthcare and Pharmaceuticals.

5.2 Segment revenue and results

The following is an analysis of the Group's revenue and results, assets and liabilities from continuing operations by reporting segment. Segment performance is measured based on revenue and operating profit, as management believes such information is the most relevant in evaluating results of segments relative to other entities.

6 months ended 30 June, 2022	**Consumer Healthcare**	**Pharmaceuticals**	**Non-Operating income**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Segment results				
Revenue	4,216,237	10,595,032	-	14,811,269
Cost of sales	(2,504,720)	(8,562,064)	-	(11,066,784)
Gross profit	1,711,517	2,032,968	-	3,744,485
Operating expenses	(1,583,172)	(1,592,298)	-	(3,175,470)
Operating (loss)/profit	128,345	440,670	-	569,015
Impairment of financial assets	(21,281)	(18,928)	-	(40,209)
Investment income	-	-	44,747	44,747
Finance costs	-	-	-	-
Other gains and losses	(36,913)	(19,084)	-	(55,997)
Profit/(loss) before tax	**70,151**	**402,658**	**44,747**	**517,556**
Segment assets & liabilities				
Non-current assets excluding deferred tax	1,078,487	-	-	1,078,487
Net additions to non-current assets, excluding deferred tax	-	-	-	-
Tota non current assets excluding deferred tax	1,078,487	-	-	1,078,487
Current assets	12,619,111	12,606,439	-	25,225,550
Total asset excluding deferred tax	**13,697,598**	**12,606,439**	**-**	**26,304,037**
Segment liabilities excluding deferred tax	**10,479,042**	**6,961,250**	**-**	**17,440,292**

Year ended 31 December 2021	Consumer Healthcare	Pharmaceuticals	Non-Operating income	Total
	N'000	N'000	N'000	N'000
Segment results				
Revenue	7,288,967	15,160,857	-	22,449,824
Cost of sales	(4,126,194)	(12,143,941)	-	(16,270,135)
Gross profit	3,162,773	3,016,916	-	6,179,689
Operating expenses	(2,607,554)	(2,734,489)	-	(5,342,043)
Operating (loss)/profit	555,219	282,427	-	837,646
Impairment of financial assets	(57,008)	(30,395)	-	(87,403)
Investment income	-	-	93,545	93,545
Finance costs	(4,669)	-		(4,669)
Other gains and losses	223,111	(179,382)	62,904	106,633
Profit/(loss) before tax	**716,653**	**72,650**	**156,449**	**945,752**
Segment assets & liabilities				
Non-current assets excluding deferred tax	1,140,352	-		1,140,352
Net additions to non-current assets, excluding deferred tax	-	-	-	-
Total non current assets excluding deferred tax	1,140,352	-	-	1,140,352
Current assets	18,110,492	6,770,665		24,881,157
Total asset excluding deferred tax	**19,250,844**	**6,770,665**	**-**	**26,021,509**
Segment liabilities excluding deferred tax	**5,101,488**	**11,851,795**		**16,953,283**

6 months ended 30 June, 2021	Consumer Healthcare	Pharmaceuticals	Non-Operating income	Total
	N'000	N'000	N'000	N'000
Segment results				
Revenue	3,861,438	6,000,973	-	9,862,411
Cost of sales	(2,308,155)	(4,779,316)	-	(7,087,471)
Gross profit	1,553,283	1,221,657	-	2,774,940
Operating expenses	(830,763)	(1,775,127)	-	(2,605,890)
Operating (loss)/profit	722,520	(553,470)	-	169,050
Investment income	-	-	25,277	25,277
Finance costs	(3,573)			(3,573)
Other gains and losses	34,329	(136,394)		(102,065)
Profit/(loss) before tax	**753,276**	**(689,864)**	**25,277**	**88,689**
Segment assets & liabilities				
Non-current assets excluding deferred tax	1,934,250	-		1,934,250
Net additions to non-current assets, excluding deferred tax	-	-		
Tota non current assests excluding deferred tax	1,934,250	-	-	1,934,250
Current assets	16,169,870	4,951,408		21,121,278
Total asset excluding deferred tax	**18,104,120**	**4,951,408**	**-**	**23,055,528**
Segment liabilities excl deferred tax	**5,116,738**	**9,658,472**	**-**	**14,775,210**

The accounting policies of the segments are the same as the Group's accounting policies describe in Note 3. This is the measure reported to the management for the purpose of resources allocation and measurement.

The accounting policies of the reporting segments are the same as the Group's accounting policies described in Note 3. The segment reporting represents profit before tax earned by each segment without allocation of central administration cost, investment income and finance cost.

For the purpose of monitoring segments performance and allocating resources between segments :

- all assets are allocated to reportable segment other than deferred tax asset. Assets used by reportable segments are allocated on the basis of the revenues earned by individual reportable segments
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segments assets

6 Selling and administrative expenses

The following represents the Group and Company's selling and administrative expenses.

	Group			Company		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Payroll costs	351,766	940,231	503,762	351,766	940,231	503,762
Directors renumeration	45,300	90,599	22,650	45,300	90,599	22,650
Electricity, fuel & utility	71,470	95,362	47,384	71,470	95,362	47,384
Repairs and maintenance - vehicles	4,889	5,969	5,416	4,889	5,969	5,416
Repairs and maintenance -others	10,681	27,024	6,529	10,681	27,024	6,529
Insurance	19,768	28,769	14,011	19,768	28,769	14,011
Depreciation and amortisation	60,363	130,471	54,905	60,363	130,471	54,905
Rent and rates	123,151	109,607	46,693	123,151	109,607	46,693
Security & facility expenses	18,469	52,330	28,493	18,469	52,330	28,493
Freight cost	226,157	299,011	138,623	226,157	299,011	138,623
Travel and expenses	69,183	65,301	30,229	69,183	65,301	30,229
Telecom cost	19,942	35,961	5,769	19,942	35,961	5,769
Audit fees	13,692	25,000	11,750	13,192	24,000	11,250
Consultancy	28,488	41,566	23,366	27,731	40,052	22,609
Advert and promotion	814,307	1,369,289	648,195	814,307	1,369,289	648,195
Bank charges	53,999	67,608	23,048	53,999	67,608	23,048
Other business expenses	88,585	150,905	92,295	88,585	150,905	92,295
Intercompany rechargeable expenses	1,155,261	1,807,040	883,368	1,155,261	1,807,040	883,368
	3,175,470	**5,342,043**	**2,586,486**	**3,174,213**	**5,339,529**	**2,585,229**

6.1 Expense by nature have been disclosed in the statement of comprehensive income as follows:

	Group			Company		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Selling and distribution	2,169,699	3,542,294	1,599,530	2,169,699	3,542,294	1,599,530
Administrative expenses	1,005,771	1,799,749	986,956	1,004,514	1,797,235	985,699
	3,175,470	**5,342,043**	**2,586,486**	**3,174,213**	**5,339,529**	**2,585,229**

7 Investment income

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**	**6 months ended 30 June, 2022 N'000**	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**
Interest income on short-term deposits	44,747	93,545	25,277	44,747	93,545	25,277
	44,747	**93,545**	**25,277**	**44,747**	**93,545**	**25,277**

8 Other gains and losses

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**	**6 months ended 30 June, 2022 N'000**	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**
Profit from sale of property, plant and equipment	27,959	6,183	3,202	27,959	6,183	3,202
Realised exchange foreign exchange losses	(695)	(3,261)	(250)	(695)	(3,261)	(250)
Unrealised foreign exchange (losses) / gains	(16,491)	3,641	(10,424)	(16,491)	3,641	(10,424)
Provision no longer required:						
Trade receivables	15,040	62,904	13,499	15,040	62,904	13,499
Other sundry income / (expense)	(81,810)	37,166	(108,092)	(81,810)	37,166	(108,092)
	(55,997)	**106,633**	**(102,065)**	**(55,997)**	**106,633**	**(102,065)**

9 Profit before tax

Profit before tax from continuing operation has been arrived at after charging/(crediting):

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**	**6 months ended 30 June, 2022 N'000**	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**
Audit fees	13,692	25,000	11,750	13,192	24,000	11,250
Director's remuneration	45,300	90,599	22,650	45,300	90,599	22,650
Net impairment on receivables	25,169	24,499	5,905	25,169	24,499	5,905
Depreciation	60,363	434,232	180,906	60,363	434,232	180,906
Net foreign exchange (gain)/ loss	(17,186)	(380)	10,674	(17,186)	(380)	10,674

10 Taxes

Statement of financial position:

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**	**6 months ended 30 June, 2022 N'000**	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**
10.1 Current tax liabilities:						
At 1 January	102,813	782,923	782,923	89,067	769,177	769,177
Tax charge in income statement:						
Charge in the current period	168,206	67,208	28,784	168,615	67,208	28,784
	271,019	850,131	811,707	257,682	836,385	797,961
Company income tax paid	(60,647)	(695,304)	(695,304)	(60,647)	(695,304)	(695,304)
Education tax paid	(9,262)	(52,014)	(52,014)	(9,262)	(52,014)	(52,014)
At 31 December	**201,110**	**102,813**	**64,389**	**187,773**	**89,067**	**50,643**

10.2 Deferred tax balances:

Reflected in the statement of financial position as follows:

Deferred tax assets	(369,173)	(369,173)	(872,632)	(369,173)	(369,173)	(872,632)
Deferred tax liabilities	137,950	137,950	421,676	137,950	137,950	421,676
Deferred tax (asset)/liabilities	**(231,223)**	**(231,223)**	**(450,956)**	**(231,223)**	**(231,223)**	**(450,956)**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

11 Earnings per share

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**	**6 months ended 30 June, 2022 N'000**	**31 December 2021 N'000**	**6 months ended 30 June, 2021 N'000**
Net profit attributable to ordinary equity holders of the parent from continuing operations	349,350	658,811	59,905	350,198	661,325	59,905
Net profit attributable to ordinary equity holders of the parent from continuing and discontinued operations	349,350	658,811	59,905	350,198	661,325	59,905
Weighted average number of ordinary shares for basic earnings per share	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876
Basic and diluted earnings per share (kobo)- continuing operations	29	55	5	29	55	5
Basic and diluted earnings per share (kobo)- continuing and discontinued operations	29	55	5	29	55	5

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated and separate financial statements. There are no potentially dilutive shares at the reporting date thus the Group's diluted earnings per share and basic earnings per share both have the same value.

12 Property, plant and equipment

Group and Company	Leasehold land N'000	Buildings N'000	Plant and machinery N'000	Construction in progress N'000	Furniture, fittings and equipment N'000	Motor vehicles N'000	Total N'000
Cost:							
At 1 January 2021	466,045	489,173	2,601,437	51,601	318,722	348,035	4,275,013
Additions	-	-	-	-	-	48,375	48,375
Transfers	-	-	6,726	(33,126)	26,400	-	-
Adjustments	-	-	-	(15,015)	-	-	(15,015)
Disposals	-	-	-	-	-	-	-
At 30 June 2021	**466,045**	**489,173**	**2,601,437**	**41,481**	**318,722**	**396,410**	**4,308,373**
						-	
At 1 January 2021	466,045	489,173	2,601,437	51,601	318,722	348,035	4,275,013
Additions	-	-	-	-	-	183,277	183,277
Transfers to investment property	(195,651)	(370,829)	-	-	-	-	(566,480)
Transfers (Note 13.4)	-	-	6,726	(33,126)	26,400	-	-
Adjustments (Note 13.1)	-	-	(2,028)	(18,475)	2,028	-	(18,475)
Transfers to asset held for sale (Note 14)	-	-	(2,497,311)	-	(191,702)	(59,005)	(2,748,018)
Disposals	-	-	-	-	-	(86,940)	(86,940)
At 31 December 2021	**270,394**	**118,343**	**108,824**	**-**	**155,448**	**385,367**	**1,038,376**
Additions	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 30 June 2022	**270,394**	**118,343**	**108,824**	**-**	**155,448**	**385,367**	**1,038,376**
	192,648	99,687					
Accumulated depreciation:							
At 1 January 2021	138,791	68,475	1,748,237	-	288,725	199,797	2,444,026
Charge for the period	3,708	4,783	104,575	-	6,199	39,118	158,382
Disposals	-	-	-	-	-	-	-
At 30 June 2021	**142,498**	**73,258**	**1,852,812**	**-**	**294,924**	**238,915**	**2,602,408**
At 1 January 2021	138,791	68,475	1,748,237	-	288,725	199,797	2,444,026
Charge for the year	4,869	2,363	191,344	-	11,470	85,181	295,227
Transfers	(68,349)	(53,364)	-	-	-		(121,713)
Transfers to asset held for sale (Note 14)	-	-	(1,830,860)	-	(163,296)	(38,407)	(2,032,563)
Disposals	-	-	-	-	-	(86,940)	(86,940)
At 31 December 2021	**75,311**	**17,474**	**108,721**	**-**	**136,899**	**159,631**	**498,038**
Charge for the period	2,435	1,182	136	-	2,659	38,642	45,054
Disposals	-	-	-	-	-	-	-
At 30 June 2022	**77,746**	**18,656**	**108,857**	**-**	**139,558**	**198,273**	**543,092**
Net book value:							
At 30 June 2022	**192,648**	**99,687**	**- 33**	**-**	**15,890**	**187,094**	**495,284**
At 31 December 2021	**195,083**	**100,869**	**103**	**-**	**18,549**	**225,736**	**540,338**
At 30 June 2021	**323,547**	**415,915**	**748,625**	**41,481**	**23,798**	**157,495**	**1,705,965**

13 Investment in subsidiary

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Investment in subsidiary	-	-	-	**160**	**160**	**160**

This represents investment in Winster Pharmaceuticals Limited, a wholly owned subsidiary company, which is measured at cost. Winster has no turnover for the current year following the sale of its only product to a third party in 2012. The results of the Company have been consolidated in these financial statements.

14 Inventories

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Raw materials and consumables	-	-	815,457	-	-	815,457
Work in progress	-	-	40,606	-	-	40,606
Finished goods	5,205,618	6,045,400	3,508,457	5,205,618	6,045,400	3,508,457
Engineering spares	-	-	54,497	-	-	54,497
Total inventories	**5,205,618**	**6,045,400**	**4,419,017**	**5,205,618**	**6,045,400**	**4,419,017**

14.1 Inventories - By Segment

	GROUP			GROUP		
	6 months ended 30 June, 2022			6 months ended 30 June, 2021		
	Consumer N'000	Pharma N'000	Total N'000	Consumer N'000	Pharma N'000	Total N'000
Raw materials and consumables	-	-	-	815,457	-	815,457
Work in progress	-	-	-	40,606	-	40,606
Finished goods	1,306,384	3,899,234	5,205,618	1,926,754	1,581,703	3,508,457
Engineering spares	-	-	-	54,497	-	54,497
	1,306,384	**3,899,234**	**5,205,618**	**2,837,314**	**1,581,703**	**4,419,017**

	GROUP		
	31 December 2021		
	Consumer N'000	Pharma N'000	Total N'000
Inventories - By Segment			
Raw materials and consumables	-	-	-
Work in progress	-	-	-
Finished goods	1,998,732	4,046,668	6,045,400
Engineering spares	-	-	-
	1,998,732	**4,046,668**	**6,045,400**

15 Trade and other receivables

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Trade receivables	5,908,047	4,351,442	5,251,909	5,908,047	4,351,442	5,251,909
Receivables from related parties	-	279,003	16,360	-	279,003	16,360
Employee loans and advances	38,290	47,465	71,690	38,290	47,465	71,690
Receivables from sales of materials	282,421	300,212	-	282,421	300,212	-
Input Value Added Tax	44,381	115,514	-	44,381	115,514	-
Others	8,767	77,250	298,304	8,767	77,250	298,304
	6,281,906	**5,170,886**	**5,638,263**	**6,281,906**	**5,170,886**	**5,638,263**

15.1 Trade receivables

	GROUP AND COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Trade receivables	6,068,589	4,486,815	5,368,687
Net impairment loss	(160,542)	(135,372)	(116,778)
	5,908,047	4,351,443	5,251,909

Trade receivables are non-interest bearing and are generally on 60 day terms. The Group sells through distributors within Nigeria. The Group's policy states that a provision of 100% is made on all receivables over 360 days. On the average, 0.5%, 8%, 17%, 21%, 29% and 38% were made on invoices overdue by up to 30 days, 31 to 60 days, 61 to 90 days, 91 to 180 days and 180 to 360 days respectively. The provision matrix is arrived at after incorporating forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns.

15.2 Movement in the allowance for doubtful debts

	GROUP AND COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Balance at beginning of the year	135,373	110,873	110,873
Additional provision	40,209	87,403	19,404
Recoveries	(15,040)	(62,904)	(13,499)
Balance at the end of the year	160,542	135,373	116,778

The fair values of trade and other receivables are the same as their carrying amounts.

16 Other assets

	GROUP AND COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Advance to Vendor	-	-	150,377
Advance to bank for bid	83,598	130,990	128,779
Prepaid rent	58,162	38,894	106,133
Prepaid insurance	22,948	15,703	10,013
Other prepayments	4,315	17,259	2,863
	169,023	202,846	398,165
Current	169,023	202,846	398,165
Non Current	-	-	-
	169,023	202,846	398,165

17 Cash and cash equivalents

For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents include cash and bank balances, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the period as shown in the consolidated and separate statement of cash flows can be reconciled to related items in the consolidated and separate statements of financial position as follows:

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Cash at bank:						
Current account balances	10,993,834	10,907,093	8,942,555	10,993,834	10,907,093	8,942,555
Restricted Cash	1,883,707	1,839,477	1,723,278	1,883,707	1,839,477	1,723,278
	12,877,541	12,746,570	10,665,833	12,877,541	12,746,570	10,665,833

18 Issued capital and share premium

	GROUP			COMPANY		
Authorised shares	6 months ended 30 June, 2022 Thousands	31 December 2021 Thousands	6 months ended 30 June, 2021 Thousands	6 months ended 30 June, 2022 Thousands	31 December 2021 Thousands	6 months ended 30 June, 2021 Thousands
Ordinary shares of 50k each	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
	N'000	N'000	N'000	N'000	N'000	N'000
Ordinary shares of 50k each	750,000	750,000	750,000	750,000	750,000	750,000
18.1 Ordinary shares issued and fully paid	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Ordinary shares of 50k each	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876	1,195,876
	N'000	N'000	N'000	N'000	N'000	N'000
Ordinary shares of 50k each	597,939	597,939	597,939	597,939	597,939	597,939
	N'000	N'000	N'000	N'000	N'000	N'000
18.2 Share premium	51,395	51,395	51,395	51,395	51,395	51,395

19 Trade and other payables

		GROUP			COMPANY		
		6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Trade payables		113,658	480,899	484,477	113,658	480,899	484,477
Amounts due to related parties	(Note 20)	12,214,174	11,752,606	10,333,487	12,398,362	11,939,520	10,523,135
Unclaimed dividends		1,274,999	1,274,998	1,226,653	1,274,999	1,274,998	1,226,653
Dividend payable		1,029,673	804,865	804,868	1,029,673	804,865	804,868
Pension payables		5,101	-	10,745	5,101	-	10,745
Other payables		239,475	368,957	582,724	239,475	368,957	582,724
Accruals		2,141,676	2,049,525	1,173,508	2,139,481	2,045,861	1,168,368
		17,018,756	**16,731,849**	**14,616,462**	**17,200,749**	**16,915,099**	**14,800,970**

Terms and conditions of the above financial and non-financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables and accruals are non-interest bearing and have an average term of six months.
- Details relating to related party receivables are disclosed in Note 20

The fair values of trade and other payables are equal to their carrying amounts as the impact of discounting is not considered to be significant.

19.1 Contract Liabilities

	GROUP AND COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Advance from customers	75,369	82,595	16,263
Trade incentives	103,090	8,246	39,957
	178,459	**90,841**	**56,220**

Trade incentives represents accruals recognised for customer rebates in the period.

20 Related party disclosures

The financial statements include the financial statements of the Company and those of Winster Pharmaceutical Limited, a wholly owned subsidiary which was incorporated in Nigeria. The Group share of the equity of Winster Pharmaceutical Limited remains at 100% throughout all reporting periods shown. There are no restrictions on the ability of the subsidiary to use assets of the Group, or settle its obligations.

The following table provides the total amount of transactions that have been entered into with related parties; as well as the outstanding balances for the transactions as at 30 June 2022, 31 December 2021 and 30 June 2021.

	GROUP			GROUP					
	Purchases from related parties			Amounts owed by related parties			Amounts owed to related parties		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Subsidiary:									
Winster Pharmaceuticals Limited:	-	-	-	-	-	-	-	-	-
Other sister companies:									
GlaxoSmithKline Pharmaceutical Nigeria Limited	-	-	-	-	-	-	1,262,263	1,313,612	2,028,974
GlaxoSmithKline Biologicals S.A.	23,127	18,758	-	-	-	-	23,296	27,174	25,925
GlaxoSmithKline Consumer Healthcare South Africa Pty Ltd	-	-	-	-	-	16,360	31,865	26,278	-
GlaxoSmithKline Export Limited	4,674,394	8,795,126	4,086,900	-	-	-	6,311,219	6,293,782	5,047,840
GlaxoSmithKline Consumer Trading Services (JDE)	1,430,609	2,402,947	1,178,916	-	279,003	-	281,676	-	666,943
GlaxoSmithkline Limited, Kenya	-	-	-	-	-	-	-	-	-
GlaxoSmithKline South Africa (Pty) Limited	-	-	-	-	-	-	73,151	70,118	78,964
GSK Consumer Holdings US LLC	-	-	-	-	-	-	14,240	14,028	-
GlaxoSmithKline Consumer Trading Services CERPS ASGN	-	-	-	-	-	-	-	-	-
GSK CTS Uk	-	-	-	-	-	-	-	-	-
GSK OPS UK Area	-	-	-	-	-	-	-	-	-
GSK Trading Service	3,452,150	6,668,301	1,986,213	-	-	-	4,099,299	3,889,712	2,413,164
GlaxoSmithKline Consumer Healthcare UK TA	-	-	-	-	-	-	20,405	12,435	-
GlaxoSmithkline Biological SA	-	-	-	-	-	-	-	11,466	-
GlaxoSmithKline Services Unlimited	-	-	-	-	-	-	96,760	94,001	71,677
Total	**9,580,280**	**17,885,132**	**7,252,029**	**-**	**279,003**	**16,360**	**12,214,174**	**11,752,606**	**10,333,487**

	COMPANY			COMPANY					
	Purchases from related parties			Amounts owed by related parties			Amounts owed to related parties		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Subsidiary:									
Winster Pharmaceuticals Limited:	-	-	-	-	-	-	184,188	186,913	189,648
Other sister companies:									
GlaxoSmithKline Pharmaceutical Nigeria Limited	-	-	-	-	-	-	1,262,263	1,313,612	2,028,974
GlaxoSmithKline Biologicals S.A.	23,127	18,758	-	-	-	-	23,296	27,174	25,925
GlaxoSmithKline Consumer Healthcare South Africa Pty Ltd	-	-	-	-	-	16,360	31,865	26,278	-
GlaxoSmithKline Export Limited	4,674,394	8,795,126	4,086,900	-	-	-	6,311,219	6,293,782	5,047,840
GlaxoSmithKline Consumer Trading Services (JDE)	1,430,609	2,402,947	1,178,916	-	279,003	-	281,676	-	666,943
GlaxoSmithkline Limited, Kenya	-	-	-	-	-	-	-	-	-
GlaxoSmithKline South Africa (Pty) Limited	-	-	-	-	-	-	73,151	70,118	78,964
GSK Consumer Holdings US LLC	-	-	-	-	-	-	14,240	14,028	-
GlaxoSmithKline Consumer Trading Services CERPS ASGN	-	-	-	-	-	-	-	-	-
GSK CTS Uk	-	-	-	-	-	-	-	-	-
GSK OPS UK Area	-	-	-	-	-	-	-	-	-
GSK Trading Service	3,452,150	6,668,301	1,986,213	-	-	-	4,099,299	3,889,712	2,413,164
GlaxoSmithKline Consumer Healthcare UK	-	-	-	-	-	-	20,405	12,435	-
GlaxoSmithkline Biological SA	-	-	-	-	-	-	-	11,466	-
GlaxoSmithKline Services Unlimited	-	-	-	-	-	-	96,760	94,001	71,677
Total	**9,580,280**	**17,885,132**	**7,252,029**	**-**	**279,003**	**16,360**	**12,398,362**	**11,939,520**	**10,523,135**

Transactions and balances receivable and payable at the year are further analysed as follows:

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Receivable from related parties:						
Local	-	-	-	-	-	-
Foreign	-	279,003	16,360	-	279,003	16,360
	-	**279,003**	**16,360**	**-**	**279,003**	**16,360**
Payable to related parties:						
Local	1,262,263	1,313,612	2,028,974	1,446,451	1,500,525	2,218,622
Foreign	10,951,911	10,438,994	8,304,513	10,951,911	10,438,995	8,304,513
	12,214,174	**11,752,606**	**10,333,487**	**12,398,362**	**11,939,520**	**10,523,135**

There were no sales to related parties for the period ended 30 June 2022 (2021: N76.29 million).

The ultimate parent company

The ultimate parent company of the Group is GlaxoSmithKline Plc, United Kingdom.

Details of transactions with related parties

Purchases from related parties are for inventory items as well as IT support services provided.

Outstanding balances at the period end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2021: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

21 Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk.

The Group’s senior management oversees the management of these risks. The Group’s senior management is supported by a Finance Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Finance committee provides assurance to the Group’s senior management that the Group’s financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. Financial instruments affected by market risk are mainly the Group's loans and receivables and short-term deposits.

(i) Interest rate risk

The Group places surplus funds with its Group Corporate bankers on short term basis. The transaction is strictly between the bank and the Group at a fixed interest rate paid upfront and not affected by fluctuations in rates during the tenor. Each fixed deposit is covered by a certificate of deposit issued by the bank.

(ii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (i.e.when revenue / expense and assets / liabilities are denominated in a different currency from the Group's functional currency), the Group's exposure for the reporting periods shown is mainly due to related party receivables and payables denominated in foreign currencies.

The Group manages its foreign currency risk by converting its transactions denominated in foreign currency to its functional currency on the date of receipt of invoice and records any exchange gain or loss on settlement of the invoice as they arise, without hedging. The Group invoices goods to its foreign third party in the functional currency - the Nigerian Naira (NGN). The Group's foreign currency risk is mainly as a result of exposure to the GBP and USD and arises predominantly as a result of amounts receivable and payable to related parties.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and cash and short term deposit, including deposits with banks, amount due from related parties and staff loans.

The Group manages employee loans by ensuring that each employee does not exceed a loan greater than one-third of his or her net pay, and only employees who meet this requirement receives a loan facility from the Company. Additionally, any employee granted a loan in excess of the above limit must have a staff benefit (defined benefit) as collateral.

In respect of bank balances, the Group maintains balances in Agusto & Co rated banks.

Liquidity risk

The Group monitors its risk to shortage of funds using a recurring liquidity planning tool. The objective is to maintain a balance between working capital and medium term business expansion funding requirements. Access to sources of short and medium term funding is sufficiently available and the Group has secured adequate overdraft facilities with its bankers which have rarely been utilised.

Capital management

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the period ended 30 June 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within a reasonable level. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	GROUP			COMPANY		
	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000	6 months ended 30 June, 2022 N'000	31 December 2021 N'000	6 months ended 30 June, 2021 N'000
Trade and other payables	17,018,756	16,731,849	14,710,821	17,200,749	16,915,099	14,895,329
Less: cash and bank balances	12,877,541	12,746,570	10,665,833	12,877,541	12,746,570	10,665,833
	4,141,215	3,985,279	4,044,988	4,323,208	4,168,529	4,229,496
Equity	9,110,656	9,299,450	8,700,544	8,942,160	9,130,105	8,529,943
Capital and net debt	13,251,871	13,284,729	12,745,532	13,265,367	13,298,634	12,759,439
Gearing ratio (Cap to Zero)	**31%**	**30%**	**32%**	**33%**	**31%**	**33%**