

BRANCHES:**IKEJA MILL**

1, Henry Carr Street,
P.M.B. 21097, Ikeja
Tel: 08077281527

**ABA MILL**


12, Industrial Layout
P.M.B. 7119, Aba
Tel: 08077261492

**NORTHERN OPERATIONS**

Km 17 Zawan Roundabout
Zawan, Jos South
Plateau State
Tel: 08077281465

**ONITSHA OPERATIONS**

No 15a Pokobros Avenue
Off Atani Road, Onitsha
Anambra State
Tel: 08077257575



UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

Board of Directors:

Joseph I.D. Dada (*Chairman*), **Adegboyega Adedeji** (*Managing Director*)
Abayomi Adeyemi, Adebolanle Badejo, Chiamaka Uwaegbute, Temitope Omodele

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period ended 30 September

		3 months to September 2023	9 months to September 2023	3 months to September 2022	9 months to September 2022
	Notes	N'000	N'000	N'000	N'000
Revenue from contracts with customers	4	4,595,067	14,336,161	3,990,600	11,182,956
Cost of sales	7(i)	(4,306,607)	(13,366,966)	(3,795,438)	(10,351,705)
Gross profit		288,460	969,195	195,162	831,251
Other operating income	8	18,184	48,699	9,673	29,002
Selling and Distribution expenses	7(ii)	(46,308)	(134,139)	(59,204)	(139,449)
Administrative expenses	7(iii)	(168,010)	(499,147)	(135,854)	(379,983)
Operating profit		92,325	384,609	9,776	340,821
Investment income	9	234	985	149	768
Finance costs	10	(89,717)	(326,966)	(153,837)	(580,871)
Profit before tax		2,842	58,628	(143,911)	(239,281)
Income tax expense	12(iv)	(938)	(19,347)	-	-
Profit for the period		1,904	39,281	(143,911)	(239,281)
Other comprehensive income for the year (net of tax)		-	-	-	-
Total comprehensive income for the year, net of tax		2,842	39,281	(143,911)	(239,281)
Earnings per share(kobo)					
Basic earnings for the year attributable to ordinary equity holders	13	0.09	1.31	(4.80)	(7.98)
Diluted earnings for the year attributable to ordinary equity holders	13	0.09	1.31	(4.80)	(7.98)

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

STATEMENT OF FINANCIAL POSITION

As at 30 September

	Notes	2023 N'000	2022 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	965,006	865,343
Intangible assets	15	210,863	237,293
Total non-current assets		1,175,869	1,102,636
Current assets			
Inventories	16	5,047,982	4,910,292
Trade and other receivables	17	877,581	905,079
Refund assets	17	4,683	4,683
Prepayments	18	65,091	39,891
Other financial assets	19.2	17,283	17,283
Cash and cash equivalents	19.3	180,236	477,841
Total current assets		6,192,857	6,355,069
Total assets		7,368,726	7,457,705
Equity			
Issued capital	20	1,500,000	1,500,000
Share premium	20	693,344	693,344
Accumulated Deficits		(473,806)	(513,087)
Total equity		1,719,538	1,680,257
Current liabilities			
Trade and other payables	21	2,815,062	2,079,364
Refund liabilities	21.2	4,572	4,924
Income tax payable	12(iv)	32,310	95,791
Dividend payable	22	17,384	17,384
Interest-bearing loans and borrowings	23	2,779,860	3,575,019
Government Grant	23.1	-	4,966
Total current liabilities		5,649,188	5,777,448
Total liabilities		5,649,188	5,777,448
Total equity and liabilities		7,368,726	7,457,705

The Financial statements was approved and authorised for issue by the Board of Directors on 26th October,2023 and was signed on its behalf by:



Chairman
Dr. Joseph Dada
FRC/2016/APCON/00000014735



Managing Director
Mr. Adedeji Adegboyega
FRC/2020/003/00000021439



Chief Financial Officer
Mr. Adekunle Adepoju
FRC/2013/ICAN/00000004478

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

STATEMENT OF CHANGES IN EQUITY

	Issued capital N'000	Share premium N'000	Accumulated Deficits/Revenue reserves N'000	Total equity N'000
At 1 January 2022	1,500,000	693,344	309,131	2,502,475
Profit for the year	-	-	(239,281)	(239,281)
Other comprehensive income	-	-	-	-
Total comprehensive income, net of tax	-	-	(239,281)	(239,281)
At 30 September 2022	1,500,000	693,344	69,850	2,263,194
At 1 January 2023	1,500,000	693,344	(513,087)	1,680,257
Profit for the year	-	-	39,281	39,281
Other comprehensive income	-	-	-	-
Total comprehensive income, net of tax	-	-	39,281	39,281
At 30 September 2023	1,500,000	693,344	(473,806)	1,719,538

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

STATEMENT OF CASH FLOWS
For the period ended 30 September

	Notes	2023 N'000	2022 N'000
Operating activities			
(Loss)/Profit before tax		58,628	(239,281)
Depreciation of property, plant and equipment	14	121,813	120,358
Amortisation of intangible assets	15	38,583	489
(Gain)/Loss on disposal of property, plant and equipment	8	-	(1,095)
Finance cost	10	326,966	580,871
Interest income	9	(985)	(768)
Government grant	8	(4,966)	-
Changes in working capital:			
Decrease/(Increase) in inventories		(137,690)	698,468
Decrease/(Increase) in trade and other receivables		27,498	84,252
Decrease/(Increase) in prepayments		(25,200)	22,798
Increase/(Decrease) in trade and other payables		735,346	4,592,529
Cash outflow generated from/(used in) operating activities		<u>1,139,993</u>	<u>5,858,620</u>
Income tax paid	12(iv)	(82,830)	(55,569)
Net cash generated from operating activities		<u>1,057,164</u>	<u>5,803,051</u>
Investing activities			
Interest received	9	985	768
Proceeds from disposal of PPE		-	1,241
Acquisition of Intangibles assets	15(iii)	(12,153)	(111,654)
Purchase of property, plant and equipment	14	(221,476)	(49,179)
Net cash flows used in investing activities		<u>(232,644)</u>	<u>(158,824)</u>
Financing activities			
Interest paid	23	(322,001)	(396,600)
Proceeds from borrowings	23	1,723,575	4,339,204
Repayment of borrowings	23	(2,523,698)	(9,484,163)
Net cash flows generated from/ (used in) financing activities		<u>(1,122,125)</u>	<u>(5,541,559)</u>
Increase in cash and cash equivalents		(297,605)	102,667
Cash and cash equivalents at 1 January		477,841	342,611
Cash and cash equivalents at 30 September	19	<u>180,236</u>	<u>445,278</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2023

1. Corporate information

Livestock Feeds Plc was incorporated on 20th March, 1963 and commenced business on 20th May, 1963. The Company was quoted on the Nigerian Stock Exchange in 1978. The Company is engaged principally in the manufacturing and marketing of animal feeds and concentrates. The registered office of the Company is located at 1 Henry Carr Street, Ikeja Lagos. The parent Company is UAC of Nigeria Plc.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting, the requirements of the Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act 2020.

The financial statements are presented in Naira which is the Company's functional currency and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

2.2 Summary of significant accounting policies

b) Fair value measurement

The Company measures its financial instruments at fair value at each reporting date mainly for disclosure purpose. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

c) Revenue from contracts with customers

The Company is into agricultural business for the manufacturing and marketing of animal feeds and concentrates.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expects that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue stream detailed below.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

At contract inception, the Company assesses the goods or services promised to a customer and identifies as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Company has identified one distinct performance obligations:

Contract for the sale of feeds and concentrates begins when goods have been delivered to the customer and revenue is recognised at the point in time when control of the goods has been transferred to the customer, generally on delivery of the goods. The normal credit term is 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of feeds and concentrates, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

i. Significant financing component

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since Livestock feeds Plc expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

ii. Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume incentives and trade discounts

When customers meet a set target in a particular month the Company gives a volume incentive. Trade discounts that range between 16%-20% are given to customers which is determined at the inception of the contract and are set-off against revenue.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

Revenue from contracts with customers - continued

Rights of return

Some contracts for the sale of Animal feeds provide customers with a right of return and volume rebates. When a contract provides a customer with a right to return the goods within a specified period, the consideration received from the customer is variable because the contract allows the customer to return the products. The Company used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Company presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position.

Principal vs Agent consideration

When another party is involved in providing goods or services to its customer, the Company determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Company is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Company's role is only to arrange for another entity to provide the goods or services, then the Company is an agent and will need to record revenue at the net amount that it retains for its agency services.

PRACTICAL EXPEDIENTS

Revenue Recognition

Practical expedients

Livestock Feeds Plc (LSF) has elected to make use of the following practical expedients:

- LSF opted for the use of one year or less practical expedients for significant financing component.
- LSF applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Other income

This comprises majorly profit from sale of plant and equipment, sales of sack, government grant and so on.

Income arising from disposal of items of plant and equipment and scraps is recognised at the time when proceeds from the disposal has been received by the Company. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets.

d) Taxes

Current income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

Current income tax - continued

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. 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.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Tertiary Education Tax

Tertiary Education Tax is charged on the assessable profit of the the Company at the rate of 2.5%. The assessable profit of the Company is ascertained in the manner specified in the Companies Income Tax Act (CITA). The assessable profit is arrived at by adjusting the profit before tax with non-deductible expenses and non-taxable income based on the Companies Income Tax Act. The Company offsets the tax assets arising from withholding tax credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts, and it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum tax

Minimum Tax(determined based on 0.5% of qualifying Company's turnover (revenue) less franked investment income). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The liability is recognised under tax payable in the statement of financial position.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

The Company offsets deferred tax assets and deferred tax 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 taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

Value added tax (VAT)

Expenses and assets are recognised net of the amount of Value added tax (VAT), except:

- When the Value added tax (VAT) incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the Value added tax (VAT) is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value added tax (VAT) included

The net amount of value added tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

National Information Technology Development Agency Levy

National Information Technology Development Agency Levy is computed on Profit before tax but it is not applicable to the Companies in agricultural sector.

Nigeria Police Trust Fund Levy

Nigeria Police Trust Fund Levy is computed on the net profit(i.e profit deducting all expenses and taxes from revenue earned by the Company during the year) and is governed by the Nigeria Police Trust Fund (Establishment) Act,2019.

e) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation of unsettled monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income within other operating income.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

The Company does not have non-monetary assets and liabilities denominated in foreign currencies, therefore, there is no accounting policy in place.

f) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. Based on the corporate laws of Nigeria, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. However, where interim dividend is declared by the Board, it is recognised in the liability pending the approval of the shareholders. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date where applicable.

g) Property, plant and equipment

Recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment and are depreciated accordingly. Subsequent costs and additions are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Capital work in progress are uncompleted projects and they are not depreciated. Depreciation starts when the projects are completed and transferred to the relevant asset class.

All other repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method on the following bases:

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life. The depreciation commences immediately the asset is available for intended use. Depreciation on other assets is calculated using the straight line method to allocate their cost over their estimated useful lives, as follows:

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

Leasehold Land	5 to 25 years
Building	10 to 33 years
Machinery & Equipment	2 to 10 years
Motor Vehicle	
- Automobile	3 to 10 years
- Truck	3 to 10 years
Computer Equipment	3 to 5 years
Office equipment	3 to 5 years
Work in progress	NIL

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is 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 profit or loss within 'other operating income' in the year that the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, with the changes in estimates accounted for prospectively.

h) Intangible assets

Computer software

Purchased computer software is capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over the useful life of the asset. Computer software are purchased from the third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement cost and is added to the original cost of the software. All other expenditure is expensed as incurred.

Amortisation is recognised in the profit/loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in statement of profit or loss and other comprehensive income when the asset is derecognised. The useful life rate is 33.3%

i) Financial instruments – initial recognition and subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

i) Financial assets

No changes were made in the objectives, policies or processes for managing capital during the periods ended 31 March 2023 and 2022.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (c) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, and receivables from related parties.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments and other financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For receivables from related parties (non-trade), and staff receivables, the Company applies general approach in calculating ECLs. It is the Company's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD** The Probability of Default is an estimate of the likelihood of default over a given time horizon.
- **EAD** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.
- **LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs, EADs and LGDs. In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil price
- Exchange rate
- Inflation rate

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortized cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and are classified at amortised cost.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate(EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Inventories

Inventories are stated at the lower of cost and net realisable value, with appropriate provisions for old and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory quantities and values will be adjusted for spoilage, spillage and deterioration, expiration and any other loss as soon as it is discovered. Stock assessment must be carried out quarterly and the inventories should be measured at the lower of cost and net realizable value as provided for in IFRS. The comparison of cost and net realizable value should be carried out on an item-by-item basis but, where this is impracticable, groups of similar items shall be considered together. It is however, unacceptable to compare the total net realizable value of all inventories with their total purchase price or production cost. Where the net realizable value of an item is less than its cost, the excess is written off immediately in income statement.

Cost is determined as follows:-

Raw materials and packaging materials

Raw materials and packaging materials include purchase cost and other costs incurred to bring the materials to their location and condition are valued using weighted average cost.

Finished goods

Cost of direct materials and labour plus a reasonable proportion of overheads absorbed by manufacturing based on normal levels of activity.

Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

k) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- | | |
|---|---------|
| • Disclosures for significant assumptions | Note 3 |
| • Property, plant and equipment | Note 14 |
| • Intangible assets | Note 15 |

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. When 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU'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 statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l) Cash and bank balances

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m) Provisions

A provision is recognized only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. The Company's provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

n) Contingent liabilities and Contingent assets

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

o) Government grant

Benefits accruing to the Company on government assisted loans granted at a below market rate of interest is treated as a government grant. The benefit of such a government assisted loan is the difference between market rate of interest and the below market rate applicable to the government assisted loan. The grant so measured is recognised as income in the financial statements on a systematic basis over the tenor of the loan.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

p) Pension and other post-employment benefits

i) Defined contribution scheme - pension

In line with the provisions of the Nigerian Pension Reform Act, 2014, Livestock Feeds Plc has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Company at the rate of 8% by employees and 10% by the Company of basic, housing and transport allowance, and invested outside the Company through Pension Fund Administrators (PFAs) of the employees choice.

The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees' service in the current and prior periods.

The matching contributions made by Livestock Feeds Plc to the relevant PFAs are recognised as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions. Liabilities in respect of the defined contribution scheme are charged against the profit of the period in which they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

q) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Right-of-use-assets (ROU)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The Company has no lease liability as at 1 January 2022 and 31 December 2022 because all existing leases have been prepaid.

iii) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases assets i.e Land and warehouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

r) Segmental reporting

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

The Company's primary format for segment reporting is based on business operating segments. Where applicable, segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The basis of segmental reporting is geographical locations where the Company operates namely Ikeja for South west, Aba mill for South east, Onitsha operations for South south and Jos and Kano for the North.

2.3 New and amended standards and interpretations

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022.

2.3 New and amended standards and interpretations- Continued

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Enterprise.

Amendment to IFRS 16-Covid-19-Related Rent Concessions

Amendment to IFRS 16 Leases provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. A lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

It applies only to rent concessions occurring only if all of the following conditions are met:

- 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.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- There is no substantive change to other terms and conditions of the lease.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The Company is yet to fully assess the impact the new standards and amendments may have on its financial statements. The Company intends to adopt these standards, if applicable when they become effective.

(i) Amendment to IFRS 17	Insurance Contracts (Effective for annual periods beginning on or after 1 January 2023)
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2.3 New and amended standards and interpretations - continued

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

2.3 New and amended standards and interpretations - continued

New and revised IFRS Standards in issue but not yet effective- Continued

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Enterprise will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Enterprise.

Covid-19-related Rent Concessions (Amendment to IFRS 16)

Disclosure of Accounting Policies(Amendments to IAS 1 and IFRS Practices Statement 2)

Definition of Accounting Estimates (Amendments to IAS 8)

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company’s exposure to risks and uncertainties includes:

- Capital management Note 6
- Financial instruments risk management and policies Note 26
- Sensitivity analyses disclosures Note 26

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

3. Significant accounting judgements, estimates and assumptions - continued

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) Determining the lease term of contracts with renewal – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company does not have lease contracts that include extension in the year under review.

(b) Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of sales of feeds and concentrates

The Company concluded that revenue for sales of feeds and concentrates is to be recognised at a point in time; when the customer obtains control of the goods. The Company assess when control is transferred using the indicators below:

- The Company has a present right to payment for the goods;
- The customer has legal title to the goods;
- The Company has transferred physical possession of the asset and delivery note received;
- The customer has the significant risks and rewards of ownership of the goods; and
- The customer has accepted the goods

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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing off the asset. The fair value of the assets of is based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract. These estimates are most relevant to intangibles with indefinite useful lives recognised by the Company.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

3. Significant accounting judgements, estimates and assumptions - continued

(b) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

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

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 17 and 26.4

(c) Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(d) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Segments	For the period ended 30 September 2023				
	Aba N'000	Ikeja N'000	Onitsha Operations N'000	Northern Operations N'000	TOTAL N'000
Type of goods or service					
Sale of livestock feeds	3,639,730	7,789,240	767,599	2,139,593	14,336,161
Total revenue from contracts with customers	3,639,730	7,789,240	767,599	2,139,593	14,336,161
Geographical markets					
Within Nigeria	3,639,730	7,789,240	767,599	2,139,593	14,336,161
Outside Nigeria	-	-	-	-	-
Total revenue from contracts with customers	3,639,730	7,789,240	767,599	2,139,593	14,336,161

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

Timing of revenue recognition

Goods transferred at a point in time	3,639,730	7,789,240	767,599	2,139,593	14,336,161
Services transferred over time	-	-	-	-	-
Total revenue from contracts with customers	3,639,730	7,789,240	767,599	2,139,593	14,336,161

For the period ended 30 September 2022

Segments	Aba N'000	Ikeja N'000	Onitsha Operations N'000	Northern Operations N'000	TOTAL N'000
Type of goods or service					
Sale of livestock feeds	1,742,040	7,171,798	489,218	1,779,901	11,182,956
Total revenue from contracts with customers	1,742,040	7,171,798	489,218	1,779,901	11,182,956
Geographical markets					
Within Nigeria	1,742,040	7,171,798	489,218	1,779,901	11,182,956
Outside Nigeria	-	-	-	-	-
Total revenue from contracts with customers	1,742,040	7,171,798	489,218	1,779,901	11,182,956
Timing of revenue recognition					
Goods transferred at a point in time	1,742,040	7,171,798	489,218	1,779,901	11,182,956
Services transferred over time	-	-	-	-	-
Total revenue from contracts with customers	1,742,040	7,171,798	489,218	1,779,901	11,182,956

Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of Animal feeds

The performance obligation is satisfied upon delivery of livestock feeds and payment is generally due within 90 days from delivery.

Contract balances

		2023 N'000	2022 N'000
Trade receivables	17	518,525	201,928

Trade receivables are non-interest bearing and are generally on terms of 90 days. In 2023: N144.08 Million (2022: N144.08million). These are cumulative balances over the years but, no amount was recognised as expected credit losses on trade receivables during the year.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Livestock Feeds Plc. The Board members review the Company's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. Assessment of performance is based on operating profits of the operating segment that is reviewed by the Board. Other information provided to the Board is measured in a manner consistent with that of the financial statements.

The Company generated all its revenue in Nigeria. The Company operates only in the Feed Milling industry hence all information on the statement of profit or loss and other comprehensive income and statement of financial position remains the same with that of the segment information.

	2023 N'000	2022 N'000
Revenue from contract with customers	14,336,161	11,182,956
Operating profit	384,609	340,821
Finance cost (Note 10)	(326,966)	(580,871)
Finance income (Note 9)	985	768
Profit before taxation	58,628	(239,281)
Income tax expense	(19,347)	-
Total assets	7,368,726	7,457,705
Total liabilities	5,649,188	5,777,448

Revenue

The Company (all segments) produces animal feeds which is 100% of its turnover. Other products include Vet Drugs which is bought from other Companies for marketing and sales and full fat which is manufactured by the Company. All the products have similar risk and returns and are therefore considered as a single segment. Analysis of sales for the year is as follows:

	2023 N'000	2022 N'000
Aba	3,639,730	1,742,040
Ikeja	7,789,240	7,171,798
Onitsha Operations	767,599	489,218
Northern Operations	2,139,593	1,779,901
	<u>14,336,161</u>	<u>11,182,956</u>

The Company has four reportable segments based on location of the principal operations as follows:

Aba
Ikeja
Onitsha Operations
Northern Operations

Segmental revenue and operating profit-30 September 2023

	Aba N'000	Ikeja N'000	Onitsha Operations N'000	Northern Operations N'000	Total N'000
From external customers	3,639,730	7,789,240	767,599	2,139,593	14,336,161
Segment revenue	3,639,730	7,789,240	767,599	2,139,593	14,336,161
Cost of sales	(3,412,261)	(7,323,879)	(664,579)	(1,966,247)	(13,366,966)
Gross profit	227,468	465,362	103,020	173,345	969,195
Selling and distribution expense	(14,445)	(34,578)	(10,267)	(33,706)	(92,997)
Trading profit	213,023	430,783	92,753	139,639	876,198
Other income	17,084	25,540	-	4,097	46,721
Operating profit	230,107	456,323	92,753	143,736	922,920
Finance Cost	(89,961)	(190,041)	(5,178)	(41,786)	(326,966)
Contribution to margin	140,146	266,282	87,575	101,950	595,954

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended 30 September 2023

5. Segment information - continued

	2023
Head Office	N'000
Dividend income	347
Interest income	985
Laboratory income	353
Miscellaneous income	295
ITF Refund	981
Administrative cost	(499,147)
Marketing Cost	(41,142)
Profit before tax	58,628

Segment assets and liabilities- 30 September 2023

Non-current assets	Head office	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	426,471	362,566	168,771	127	7,071	965,006
Intangible assets	210,863	-	-	-	-	210,863
Current assets	N'000	N'000	N'000	N'000	N'000	N'000
Inventory	1,377,054	775,862	2,271,526	11,034	612,506	5,047,982
Trade and other receivables	359,057	102,180	253,464	109,425	53,456	877,581
Refund assets	4,683	-	-	-	-	4,683
Prepayments	23,384	-	39,856	-	1,852	65,091
Other financial asset	17,283	-	-	-	-	17,283
Cash and cash equivalents	180,217	5	8	2	4	180,236
	1,961,678	878,047	2,564,854	120,461	667,818	6,192,857

The inventory balance at the head office represents materials held in Livestock feeds Plc warehouses and those held at external warehouses in Lagos, Ibadan, Kano and Zaria and will be transferred to the various mills in the current year while trade and other receivables represents receivables from debtors and deposit for raw materials.

Current liabilities	N'000	N'000	N'000	N'000	N'000	N'000
Trade and other payables	2,718,017	49,195	26,333	11,282	10,235	2,815,062
Short- term borrowings	2,779,860	-	-	-	-	2,779,860
Refund liabilities	4,572	-	-	-	-	4,572
Dividend payable	17,384	-	-	-	-	17,384
Current tax payable	32,310	-	-	-	-	32,310
Government Grant	-	-	-	-	-	-
	5,552,142	49,195	26,333	11,282	10,235	5,649,188

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

5. Segment information - continued

Segmental revenue and operating profit -30 September 2022

	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	N'000	N'000	N'000	N'000	N'000
From external customers	1,742,040	7,171,798	489,218	1,779,901	11,182,956
Segment revenue	1,742,040	7,171,798	489,218	1,779,901	11,182,956
Cost of sales	(1,562,411)	(6,716,010)	(463,677)	(1,609,606)	(10,351,705)
Gross profit	179,629	455,787	25,541	170,295	831,251
Selling and distribution expense	(13,147)	(49,708)	(11,101)	(34,482)	(108,438)
Trading profit	166,482	406,079	14,439	135,813	722,813
Other income	5,821	18,554	170	1,551	26,097
Operating profit	172,303	424,633	14,610	137,364	748,910
Finance expense	(150,652)	(341,557)		(88,661)	(580,870)
Contribution to margin	21,651	83,075	14,610	48,703	168,039

Head Office

Dividend Income					316
Interest income					768
Laboratory income					394
Gain on disposal of assets					1,095
Miscellaneous income					747
Insurance Claim					259
Sale of scraps					95
Gain/Loss Realized Foreign Currency Revaluation					-
Expected Credit Loss					-
Administrative cost					(379,983)
Marketing Cost					(31,011)
Loss before tax					(239,281)

Segment assets and liabilities- 31 December 2022

Non-current assets	Head office	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	326,808	362,566	168,771	127	7,071	865,343
Intangible assets	237,293	-	-	-	-	237,293
Current assets	N'000	N'000	N'000	N'000	N'000	N'000
Inventory	23,522	1,575,862	2,687,368	11,034	612,506	4,910,292
Trade and other receivables	586,871	82,983	210,036	20,734	4,455	905,079
Refund assets	4,683	-	-	-	-	4,683
Prepayments	14,666	-	16,892	-	8,333	39,891
Other financial asset	17,283	-	-	-	-	17,283
Cash and cash equivalents	477,822	5	8	2	4	477,841
	1,124,848	1,658,850	2,914,303	31,770	625,299	6,355,069

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

	Head office	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Current liabilities						
Trade and other payables	1,889,663	50,536	84,933	10,040	44,192	2,079,364
Short-term borrowings	3,575,019	-	-	-	-	3,575,019
Refund liabilities	4,924	-	-	-	-	4,924
Dividend payable	17,384	-	-	-	-	17,384
Current tax payable	95,791	-	-	-	-	95,791
Government Grant	4,966	-	-	-	-	4,966
	5,587,747	50,536	84,933	10,040	44,192	5,777,448

In the year under review, unallocated operating income and expenses mainly constitute head office other income, administrative and marketing costs. These are considered corporate and are not allocated to any segments expenses. Interest expenses are allocated based on investment in inventory acquired for each mills.

6. Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and retained earnings attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 60% and a minimum B credit rating. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

			N'000	N'000
Trade and other payables	21		2,815,062	2,079,364
Interest-bearing loans and borrowings	23		2,779,860	3,575,019
Cash and short term deposit (Note 19)			(180,236)	(477,841)
Net debt			5,414,686	5,176,542
Total capital: Equity			1,719,538	1,680,257
Capital and net debt			7,134,224	6,856,799
Gearing ratio			76%	75%

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended 30 September 2023

7. Expense by Nature

	2023	2022
	N'000	N'000
7(i). Cost of sales		
Change in inventories of finished goods and work in progress	12,640,714	9,805,075
Salaries and other staff benefit*	271,099	238,582
Business Travelling Expenses	7,892	9,332
Business Entertainment Expenses	4,889	3,813
Electricity and power	169,755	74,619
Depreciation of property,plant & equipment (Note 11ii)	103,302	108,320
Amortisation of intangible assets (Note 11 iii)	489	489
Rent**	45,396	32,308
Security expenses	16,644	15,669
Local repair and renewal	61,472	26,024
Laboratory expenses	3,768	10,241
Vehicle repairs expenses	4,711	1,540
Sundry vehicle expenses	1,249	1,063
Cleaning & Sanitation	2,936	6,380
Office Stationery & Printing	4,575	3,474
Rates	1,301	2,076
Subscription	6,224	2,932
Information Technology	673	1,287
Other expenses ***	19,877	8,476
Total cost of sales	13,366,966	10,351,705

*** Other expenses includes research and development, uniforms, telephone expenses, postal services and computer charges which were incurred by the Company during the year.

*Salaries & Other benefits includes Employer Pension for the year N7,889,523 (2022: N6,883,758)

** Rent represents amount amortised on short-term lease of warehouses during the year.

7(ii). Selling and distribution expenses

	N'000	N'000
Salaries and other staff benefit*	61,416	58,353
Business travelling expenses	14,842	14,540
Distribution expenses	29,373	44,060
Corporate gifts/marketing investment	12,750	9,005
Depreciation of property,plant & equipment (Note 11 ii)	6,989	5,796
Electricity and Power	1,258	301
Office Stationery and Printing	-	-
Local repair and renewal	41	15
Advertisement and Publicity	1,013	910
Vehicle repairs,maintenance & fueling	4,764	4,359
Internet Charges/IT licencing renewal	9	18
Other expenses ***	1,683	2,091
	134,139	139,449

*** Other expenses include all other expenses that are related to selling & distribution but not stated above such as, Miscellaneous/sundry expenses, research and development, subscription etc which were incurred during the year.

* Salaries & other benefits include Employer's Pension N3,019,329 (2022: N2,863,217).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended 30 September 2023

	Note	N'000 2023	N'000 2022
7(iii). Administrative expenses			
Salaries and other staff benefit*		145,658	117,963
Consultancy		5,694	15,256
Auditor's fee**		7,659	7,659
Subscription		10,425	4,611
Board Expenses	27(ii)	17,557	20,362
AGM expenses		6,100	6,896
Information Technology		54,634	44,111
Depreciation of property,plant & equipment (Note 11 ii)		11,522	6,242
Amortisation of intangible assets (Note 11 iii)		38,094	-
Insurance		30,619	17,204
Management service fees (Note 24)		132,590	110,364
Bank charges		9,055	8,244
Business travelling & entertainment		6,909	4,247
Electricity & Power		4,069	1,638
Cleaning & Sanitation		632	390
Security expenses		607	2,041
Office stationery & printing		1,755	1,498
Local repairs & renewal		2,042	2,470
Rent		324	386
Legal expenses		-	480
Advertisement & Publicity		1,100	647
Vehicles repairs, maintenance & fueling		3,234	2,100
Other expenses ***		8,868	5,174
		499,147	379,983

*** Other expenses that are related to administrative expenses but not stated above such as Miscellaneous/ sundry expenses, computer charges etc which were incurred during the year.

*Salaries & Other benefits include Employer's Pension N7,333,389(2022: N6,450,450).

** Audit Fees relates to the professional fees for our external auditor. There is no non-audit fees paid to KPMG in year 2023.

	2023 N'000	2022 N'000
8. Other operating income		
Sales of sacks	34,916	24,355
Laboratory income *	391	417
Weighing income**	356	739
Sales of scrap	6,445	1,055
Gain/(Loss) on disposal of property,plant and equipment	-	1,095
Registration fees	295	765
Dividend Income	347	316
ITF refund	981	-
Insurance claim	-	259
Government Grant***(Note 23.1)	4,966	-
Total other operating income	48,699	29,002

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**For the period ended 30 September 2023**

* The Company has Laboratories in Ikeja mill and Aba mill where third parties come for Lab analysis and pay for this service.

** Third parties made use of Livestock feeds Plc weighbridge to weigh their trucks and goods in Ikeja mill and Onitsha operation during the year.

	2023	2022
	N'000	N'000
9. Investment income		
Interest income on short-term bank deposits	471	619
Interest Income - Unclaimed Dividend	514	149
	<u>985</u>	<u>768</u>
10. Finance cost		
Interest on loans	326,966	474,568
Interest on Commercial Paper**	-	106,303
	<u>326,966</u>	<u>580,871</u>
11(i). (Loss)/Profit before taxation		
<i>(Loss)/Profit before taxation is stated after charging:</i>		
Amortisation of intangible assets (Note 15)	38,583	489
Depreciation (Note 14)	121,813	120,358
Auditors remuneration (Note 7(iii))	7,659	7,659
Staff cost	478,173	414,898
	<u>645,228</u>	<u>547,404</u>
11(ii). Depreciation of property, plant & equipment		
Cost of Sales	7(i) 103,302	108,320
Selling and distribution expenses	7(ii) 6,989	5,796
Administrative expenses	7(iii) 11,522	6,242
	<u>121,814</u>	<u>120,358</u>
11(iii). Amortisation of intangible assets		
Cost of Sales	7(i) 489	489
Administrative expenses	7(iii) 38,094	-
	<u>38,583</u>	<u>489</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended 30 September 2023

12. Taxation

(i) Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	2023	2022
	N'000	N'000
Current tax expense:		
CIT	17,588	-
Education tax charge	1,759	-
	<u>19,347</u>	<u>-</u>
Income tax charge	<u>19,347</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended 30 September 2023

	2023	2022
	N'000	N'000
(iv) Current tax liabilities		
As of 1 January	95,791	93,591
Income tax expense for the year	19,347	-
Minimum tax	-	82,830
Payment during the year	(82,830)	(80,631)
As at 30 September	32,310	95,791

13. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year adjusted for any dilutive or potentially dilutive instruments.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2023	2022
	N'000	N'000
Earnings attributable to ordinary equity holders for basic earnings	39,281	(239,281)
	Thousands	Thousands
Average number of ordinary shares for basic EPS	2,999,999	2,999,999
Basic earnings per share (Kobo)	1.31	(7.98)
Diluted earnings per share (Kobo)	1.31	(7.98)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended 30 September 2023

14a. Property, plant and equipment

	Leasehold Land	Building	Machinery & Equipment	Motor Vehicles	Office Equipment	Computer equipment	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
1 January 2022	-	275,098	1,054,241	147,300	55,376	51,953	272,817	1,856,786
Additions		2,545	166,224	9,836	4,488	5,802	60,575	249,469
Disposal		-	-	(7,980)	(238)	(137)	-	(8,354)
Reclassification		-	127	16,125	4,631	12,291	(33,175)	-
31 December 2022	-	277,643	1,220,593	165,281	64,257	69,909	300,218	2,097,901
Additions		198	4,193				217,085	221,476
Disposal								-
Reclassification*		9,471	11,815	39,023	1,889	6,042	(68,239)	(0)
30 September 2023	-	287,312	1,236,600	204,304	66,146	75,952	449,064	2,319,377
Accumulated depreciation								
1 January 2022	-	144,978	738,955	119,502	34,691	42,232	-	1,080,358
Depreciation charge for the year		8,733	114,871	21,979	6,445	8,379	-	160,408
Disposal		-	-	(7,980)	(92)	(136)	-	(8,208)
31 December 2022	-	153,711	853,826	133,500	41,044	50,475	-	1,232,558
Depreciation charge for the year		6,876	84,146	16,434	5,891	8,466		121,813
Disposal								-
30 September 2023	-	160,587	937,972	149,935	46,935	58,941	-	1,354,371
Net book value								
30 September 2023	-	126,724	298,628	54,369	19,211	17,010	449,064	965,006
At 31 December 2022	-	123,932	366,767	31,781	23,213	19,434	300,218	865,343

There was no existence of restrictions on the title to the Company's Property plant and equipment. No asset was pledged as securities for liabilities during the year (2022: Nil). No contractual commitment on any of the Company's Property, plant and equipment.

14b. Analysis of Capital WIP into asset classes:

	2023 N'000	2022 N'000
Buildings	398,067	288,540
Machinery and Equipment	41,027	11,082
Office Equipment	-	-
Computer Hardware	9,971	597
	449,064	300,218

* Reclassification relates to cost of projects that were earlier posted to CWIP pending the completion of the projects.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

15. Intangible assets

	2023	2022
	N'000	N'000
(i) Computer software with definite useful life		
Cost:		
At 1 January	263,680	15,024
Additions	12,153	
Reclassification**(Note 15ii)	-	248,655
At 30 September	275,833	263,680
Amortisation		
At 1 January	26,387	13,612
Amortisation	38,583	12,775
At 30 September	64,970	26,387
Carrying value	210,863	237,293

Computer software consists of acquisitions costs of software used in the day-to-day operations of the Company.

** This relates to capitalization of the cost incurred on the new accounting software (SAP S4 HANA)

(ii) Capital work in progress-intangibles

	2023	2022
	N'000	N'000
Cost:		
At 1 January	-	33,439
Additions	-	215,216
At 30 September	-	248,655
Amortisation		
At 1 January	-	-
Amortisation	-	-
Reclassification	-	(248,655)
At 30 September	-	(248,655)
Carrying value	-	-

The SAP project has been concluded and the cost incurred has been fully transferred to intangible assets.

	2023	2022
	N'000	N'000
(iii) Reconciliation of additions to Intangible assets in the Statement of Cashflows		
Additions to Computer Software	-	-
Additions to Software under development	-	-
Additions per Statement of Cashflows	-	-

16. Inventories

	2023	2022
	N'000	N'000
Raw materials	4,188,026	3,553,662
Finished goods	259,089	112,181
Vet Drugs	401,864	443,980
Engineering spares	184,251	175,707
Diesel	14,752	21,993
Inventory with third party for conversion **	-	602,769
	5,047,982	4,910,292

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended 30 September 2023

During 2023, there was no write off and write down of Inventories by the Company (2022: Nil), In addition, the Company recognised N12,640,713,553(2022: N9,805,077,764) as an expense for inventories carried at net realisable value). These are recognised in the cost of sales.

** Inventory with third party for conversion represents the value of the Company's inventory item of raw soya seed with Slabmark Nigeria Ltd and Apple and Pears Ltd for conversion of raw soya seeds to Soya bean meal and other raw materials (Maize, Soya Beans etc) at Northern Rice Oil Mills Ltd Warehouse in Kano for the Production of Animal Feeds.

17. Trade and other receivables

	2023	2022
	N'000	N'000
Receivables from third-party customers	518,525	201,928
Advance payments to suppliers*	241,085	36,325
Allowance for expected credit losses	(144,077)	(144,077)
	<hr/>	<hr/>
	615,533	94,176
Related Parties(Note 24)	241,039	795,939
Other receivables	21,009	14,964
	<hr/>	<hr/>
	877,581	905,079
	<hr/>	<hr/>
Refund asset	4,683	4,683
	<hr/>	<hr/>
	882,264	909,762

Trade receivables are non-interest bearing and are generally on terms of 90 days. For terms and conditions relating to related party receivables, refer to Note 24.

*Advance payments to suppliers relates to cash deposit to the suppliers of raw materials used in production of animal feeds.

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value. Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

	2023	2022
	N'000	N'000
As at 1 January	(144,077)	(144,077)
Addition to expected credit losses	-	(4,396)
At 30 September	<hr/>	<hr/>
	(144,077)	(144,077)

The information about the credit exposures are disclosed in Note 26.4.

Financial asset measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's Internal and internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's grading system are explained in Note 26.4 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 26.4.

	2023		2022
	Stage 1	Simplified Model	
	Individual	Collective	Total
	N'000	N'000	N'000
Internal grading system			
Standard grade	-	518,525	201,928
	<hr/>	<hr/>	<hr/>
	-	518,525	201,928
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

Financial assets measured at amortised cost

	<i>Stage 1 Individual</i>	<i>Simplified Model Collective</i>	<i>Total</i>
	<i>N'000</i>	<i>N'000</i>	<i>N'000</i>
ECL allowance as at 1 January 2022	-	(144,077)	(139,681)
New assets originated or purchased	-	-	(4,396)
	-----	-----	-----
	-	(144,077)	(144,077)
	=====	=====	=====

Refund assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

(In thousands of naira)	2023	2022
As at 1 January	4,683	3,327
Amount deferred as a result of unexpired rights	4,683	4,683
Cost of sales recognized in the period from:		
Expired right not exercised	(4,683)	(3,327)
As at 30 September	4,683	4,683

18(i). Prepayments

	2023	2022
	N'000	N'000
Due within one year		
Others**	19,011	14,624
Short-term lease prepayments	34,623	25,267
Insurance	11,457	-
	65,091	39,891

Reconciliation of Prepayment

As at 1 January	39,891	81,147
Additions	158,487	229,818
Amortization	(133,288)	(271,074)
As at 30 September	65,091	39,891

**Others relates to SAP licence fee, ODOO licence fee, internet services etc during the year.

The following are the amounts recognised in profit or loss:

Expense relating to short-term leases (included in Cost of sales and administrative expenses)	9,262
	9,262

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

18(ii) Short-term lease prepayments

These were lease payment for Warehouse made during the year for a lease period of one year i.e expired on 30 June 2024. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company applies the short-term lease recognition exemption for these leases.

Short-term lease prepayment consist of unamortised portion of short-term leases. Short-term leases are leases that, at the commencement date, have a lease term of 12 months. The lease payment is expensed over the lease term on a straight-line basis. It represents payment made in advance for rent, insurance, passage allowance,SAP licence fee etc. on assets.

18(iii) ROU Assets

Opening Balance	-	8,333
Addition	-	-
Amortization	-	(8,333)
Closing Balance	-	-

This relates to lease payment for Kano Warehouse made in 2021 for a lease period of two years and it is not stated in the lease agreement that the warehouse will be renewed i.e expired on 31 October 2023. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

19. Cash and short term deposit

	2023	2022
	N'000	N'000
Cash on hand	200	46
Cash at banks	180,036	355,620
	<u>180,236</u>	<u>355,666</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates

19.1. Call deposit

Short term deposit with First Bank of Nigeria Ltd	-	122,175
	<u>-</u>	<u>122,175</u>

Call deposit relates to proceeds from shares issued in 2017 . It was stated in the rights circular that N290,488,415 will be utilised for the development of new site in Sagamu. The fund has been fully utilised for the intended purpose.

19.2. Other financial asset(Unclaimed dividend funds)

Unclaimed dividend funds	17,283	17,283
	<u>17,283</u>	<u>17,283</u>

* Other financial assets relates to 90% of unclaimed dividend returned by the registrar of the Company. The amount is placed in a fixed deposit account by the Company. This is in compliance with the directives of the Nigeria Securities and Exchange Commission.

19.3. Interest Income earned on Unclaimed dividend funds till date

Interest earned	4,344	4,344
	<u>4,344</u>	<u>4,344</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and call deposit as included below.

	2023	2022
	N'000	N'000
Cash on hand, cash at bank and call deposit	180,236	477,841

Call deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. During the reporting period, an expected credit loss assessment was performed on these(cash and cash equivalents) balances. The impairment allowance is considered immaterial.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

20. Issued capital and reserves

Authorised shares

2,999,999,418 ordinary shares of 50Kobo each

N'000 **N'000**

1,500,000 1,500,000

Ordinary shares issued and fully paid

2,999,999,418 ordinary shares of 50kobo each

- -

Share premium

At 1 January

1,500,000 1,500,000

At 30 September

1,500,000 1,500,000

21. Trade and other payables

Trade payables

2,418,774 1,145,761

Related parties (Note 24)

158,351 634,262

Other payables (Note 21.1)

237,937 299,341

2,815,062 2,079,364

Refund liabilities (Note 21.2)

4,572 4,924

2,819,634 2,084,288

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms
- Other payables are non-interest bearing and have an average term of six months
- For terms and conditions with related parties, refer to Note 24

For explanations on the Company's liquidity risk management processes, refer to Note 26.4.

21.1 Other payables

2023 **2022**

N'000 **N'000**

VAT payable

559 649

Accrued liabilities

210,792 250,211

WHT payable

18,701 32,485

PAYE

7,861 11,086

ITF

- 4,907

Pension

24 -

237,937 299,341

21.2 Refund liabilities

Refund liabilities

4,572 4,924

242,509 304,265

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to accounting policy on variable consideration.

(In thousands of naira)

2023 **2022**

As at 1 January

(4,924) (3,690)

Amount deferred as a result of unexpired rights

(4,924) (4,924)

Revenue recognized in the period from:

Expired right not exercised

4,924 3,690

As at 30 September

(4,572) (4,924)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended 30 September 2023

Net refund liabilities consist of the following at December 31:

(In thousands of naira)	2023	2022	Change	Change
Refund assets	4,683	4,683	-	0%
Refund liabilities	(4,572)	(4,924)	352	-7%
Net refund liabilities	111	(241)	352	-146%

22. Dividend payable

Amounts recognised as dividend payable to ordinary shareholders in the year comprise:

	2023 N'000	2022 N'000
As at 1 January	(17,384)	(17,384)
Dividend paid	-	-
As at 30 September	<u>(17,384)</u>	<u>(17,384)</u>

23. Interest-bearing loans and borrowings

	2023 N'000	2022 N'000
Borrowings -Current		
Commercial Loan-FBN	1,261,360	2,068,532
Commercial Loan-ZBN	1,518,500	1,010,667
CBN CACS FUND-UBN	-	495,820
	<u>2,779,860</u>	<u>3,575,019</u>

Reconciliation of interest-bearing loans and borrowings

As at 1 January	3,575,019	7,452,074
Additions	1,723,575	10,321,410
Government grant	-	(121,392)
Interest charged	326,966	853,652
Repayments(Principal and interest)	(2,845,699)	(14,930,726)
As at 30 September	<u>2,779,860</u>	<u>3,575,019</u>

Maturity

0 - 1 year	2,779,860	3,575,019
Over 1 year	-	-
Total	<u>2,779,860</u>	<u>3,575,019</u>

23.1

23. 1 Government grant

	2023 N'000	2022 N'000
As at 1 January	4,966	-
Received during the year	-	121,392
Released to the statement of profit & loss	(4,966)	(116,426)
As at September 30	<u>-</u>	<u>4,966</u>

The Company got an enhanced facility of N5 billion at 11.5% interest rate for 270 days and has been fully utilised as at February 2022 but N2.99 billion was liquidated as at December 2022 and another N2.1 billion was liquidated during the year . The sum of N1.22 billion has been disbursed during the year and it is currently running at 18%.The Company also got N2 billion CACS fund which is a government intervention fund through Union Bank at 9% interest rate in the month of March 2022, the facility has been fully liquidated in February 2023. It was initially running @5% but the increment took effect in the month of September 2022. N2 billion has been fully liquidated as at February 2023.The Company renewed the N2 billion Zenith bank facility @ 16% interest rate, but now running at 18% out of which N1.5 billion has been utilized for working capital. The facility is currently running at 18% interest rate.

Government Grant is the Savings made on interest paid on N2 billion facilities obtained from Central Bank of Nigeria through Union Bank Plc which is Federal government agriculture intervention fund(CACS). The facility was obtained at an interest rate of 5% but later increased to 9% in September 2022 as against 16% commercial rate applicable at the time the facility was running.

The security for these facilities is letter of awareness from UACN Plc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

24. Related party disclosures

The immediate and ultimate parent, as well as controlling party of the Company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to Livestock Feeds Plc through common shareholdings and directorship. The following table provides the total amount of transactions that have been entered into with related parties during the year.

	Relationship	Management service fees N'000	Purchases from related parties N'000	Sales to related parties	Amounts owed by related parties N'000	Amounts owed to related parties N'000
As at 30 September 2023						
Entity with control over the Company:						
UAC of Nigeria Plc	Parent Company	132,590	52,481		-	158,336
Other related party						
UAC Foods Ltd	Fellow Subsidiary				-	15
CAP PLC	Fellow Subsidiary				31	
Grand Ceareal Nigeria Limited	Fellow Subsidiary	-	128,874	2,002,165	241,008	
		132,590	181,354	2,002,165	241,039	158,351

As at 31 December 2022**Entity with control over the Company:**

UAC of Nigeria Plc	Parent Company	3,234	3,312,732		-	69,010
Other related party:						
UAC Foods Ltd	Fellow Subsidiary				-	36
CAP PLC	Fellow Subsidiary				31	
Grand Cereal Nigeria Limited	Fellow Subsidiary	-	636,485	1,926,552	795,908	565,216
		3,234	3,949,217	1,926,552	795,939	634,262

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

25. Commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

Legal claim contingency

There is no contingent liability arising as a result of legal litigation as at period end.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

26. Financial assets and financial liabilities**26.1 Financial assets**

	2023	2022
	N'000	N'000
Cash and short term deposit (note 19)	180,236	477,841
Trade and other receivables (Note 17)	877,581	905,079

26.2 Financial liabilities

	2023	2022
	N'000	N'000
Financial liabilities at amortised cost		
Borrowing (Note 23)	(2,779,860)	(3,575,019)
Trade and other payables (Note 21)	(2,795,802)	(2,046,230)

Trade and other payables here exclude VAT and withholding tax payable

26.3 Fair values

The carrying value of all financial assets and financial liabilities is a reasonable approximation of their fair value due to their current nature and the consequent insignificant of discounting no further fair value disclosures have been made.

26.4 Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables and Borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, and cash and bank balances that it derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the audit and governance committee of the Board that advises on risks and the appropriate risk governance framework for the Company. The audit and governance committee of the Board provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions, Recognised financial assets and liabilities not denominated in Naira units	Cash flow forecasting Sensitivity analysis	Contractual agreements on exchange rates
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate negotiations
Credit risk	Cash and cash equivalents, trade receivables.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit. Investment guidelines and held-to-maturity investments.
Liquidity risk	Borrowings and other liabilities		Availability of committed credit lines and borrowing facilities.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

26.4 Financial instruments risk management objectives and policies - Continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits and loans and borrowings.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to this risk as the Company has no long-term debt obligations at variable rates and does not account for any fixed rate instruments at fair value through profit or loss.

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company's exposure to foreign currency risk at the end of the reporting period expressed in the individual foreign currency unit was as follows:

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve and cash and bank balances (Note 19) on the basis of expected cash flows.

This is generally carried out at each of the respective mills in accordance with practice and limits set by the Company. These limits vary to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total days
	N'000	N'000	N'000	N'000	N'000	N'000
Period ended 30 September 2023						
Trade and other payables	-	2,815,062			-	2,815,062
Interest-bearing loans and borrowings		2,779,860	-			2,779,860
	-	5,594,922	-	-	-	5,594,922
Year ended 31 December 2022						
	On demand	3 months	3 to 12 months	1 to 5 years	> 5 years	Total days
	N'000	N'000	N'000	N'000	N'000	N'000
Trade and other payables	-	2,079,364	-	-	-	2,079,364
Interest-bearing loans and borrowings		3,575,019				3,575,019
	-	5,654,383	-	-	-	5,654,383

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended 30 September 2023

	2023		2022	
Cash and short term deposits				
Euro	€	379	€	379
United State Dollar (USD)	\$	1,925	\$	4,574
Pound sterling	£	450	£	450

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	30 September 2023		31 December 2022	
	Change in profit		Change in Effect on profit	
	USD rate before tax		USD rate before tax	
	N'000		N'000	
+10%	569	+10%	546	
-10%	(569)	-10%	(546)	

26.4 Financial instruments risk management objectives and policies - Continued

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to related parties and to customers, including outstanding receivables.

(i) Risk management

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties with a minimum national rating of 'A' are accepted.

There is no independent rating for customers. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

Sales to customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. The credit ratings of the investments are monitored for credit deterioration.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

(ii) Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. However, some customers are required to provide postdated cheques for credit transactions while others are granted credit on the strength of their credibility and past performances. In the case of default, unpaid balances are set off against security deposit while others are referred to debt collection agents.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There are no credit ratings for Livestock feeds plc trade and other receivables. Credit ratings from Global Credit Rating Co. (GCR) are highlighted below:

	2023	2022
	N'000	N'000
Cash at bank and short-term bank deposits A+(nga)	180,036	372,904
Unrated cash and cash equivalents	200	46
Unrated trade and other receivables	877,581	905,079
Maximum credit exposure	1,057,817	1,278,029

(iii) Impairment of trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several states, unrelated and diverse.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

26.4 Financial instruments risk management objectives and policies - continued

Set out below is the information about the credit risk exposure on the Company's trade and other receivables using a provision

	Days past due					Total N'000
	Current N'000	<90 days N'000	90–180 days N'000	180–360 days N'000	>360 days N'000	
30-Sep-23						
Expected credit loss rate	0.91%	1.16%	23.20%	78.00%	100.00%	
Estimated total gross carrying amount	305,672	56,028	12,317	30,219	114,288	518,525
Expected credit loss	(2,769)	(649)	(2,858)	(23,571)	(114,288)	(144,077)
31-Dec-22						
Expected credit loss rate	25.45%	55.31%	70.32%	78.00%	100.00%	
Estimated total gross carrying amount	64,425	13,947	-	16,303	107,252	201,928
Expected credit loss	(16,394)	(7,773)	-	(12,717)	(107,252)	(144,077)

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2023 N'000	2022 N'000
In thousands of Naira		
Balance as at 1 January 2023	(144,077)	(139,681)
Additional expected credit losses	-	(4,396)
Balance at 30 September	<u>(144,077)</u>	<u>(144,077)</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

26.4 Financial instruments risk management objectives and policies - continued

Impairment allowance for financial assets

In assessing the Company's internal rating process, the Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the Company's customers and counter parties from Internal parties. This includes Internal rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the Company's performance.

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

27.(i) Staff numbers and costs

The table below shows the number of employees (excluding directors), who earned over N500,000 as emoluments in the year and were within the bands stated.

Staff Numbers by function	2023	2022
	Number	Number
Direct	57	50
Admin	15	14
Sales & Marketing	22	21
	<u>94</u>	<u>85</u>
N500,001-N600,000	-	-
N600,001-N700,000	2	2
N700,001-N800,000	1	1
N800,001-N1,000,000	7	7
N1,000,001-N1,200,000	5	5
N1,200,001-N1,300,000	-	-
N1,300,001- N1,500,000	1	1
Above N1,500,000	78	69
	<u>94</u>	<u>85</u>

Staff costs for the above persons (excluding Non-Executive Directors):

	2023	2022
	N'000	N'000
Salaries and wages	459,931	398,700
Pension cost	18,242	16,197
	<u>478,173</u>	<u>414,898</u>

(ii) Emoluments of Non-Executive Directors

	2023	2022
	N'000	N'000
(a) Fees	788	788
Passage Allowance	9,749	9,749
Other Emoluments	7,020	9,825
	<u>17,557</u>	<u>20,362</u>
(b) The Chairman's Emoluments	<u>2,637</u>	<u>2,637</u>

(iii) Key management compensation

Key management have been defined as the managing director and executive committee members

	2023	2022
	N'000	N'000
Key management compensation includes:		
Short-term employee benefits:		
Wages and salaries-Managing Director	32,287	21,056
Wages and salaries-Executive Committee Members	69,691	39,067
	<u>101,978</u>	<u>60,124</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended 30 September 2023

28. Technical support agreements

The Company has commercial services agreement with UACN Plc for support services. Expense for management services fee (representing 1% of turnover of the Company excluding intercompany sales to Grand Cereals Ltd) is N132.6million (2022: N110.4million).

29. Events after the reporting period

There were no events after the reporting date that require adjustment in the financial statements of the Company that had not been adequately provided for or disclosed in the financial statements.

30. Securities trading policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Livestock Feeds Plc maintains a 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 undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

31. Provision of Audit and non-audit Services

In compliance with FRC Rule No 3 mandating the disclosure of the value and the nature of the audit and non-audit services provided by Company's external auditor, KPMG Professional Services. The Company did not engage KPMG for non-audit service this year.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**For the period ended 30 September 2023**

32. Livestock Feeds Plc-Free Float Computation

Company Name:

Livestock Feeds Plc

Board Listed:

Main Board

Period End:

September 30

Reporting Period:

30 September 2023

Share Price at end of reporting period:

-

N1.8(2022: N1.02)

Shareholding Structure/Free Float

Description	30-Sep-23		30-Sep-22	
	Units	Percentage	Unit	Percentage
Issued Share Capital	2,999,999,418	100%	2,999,999,418	100%
Substantial Shareholdings(5% and above)				
UAC of Nigeria Plc	2,198,745,772	73.29%	2,198,745,772	73.29%
Total Substantial Shareholdings	2,198,745,772	73.29%	2,198,745,772	73.29%
Directors' Shareholdings(direct and indirect)				
Mr. Joseph Dada	-	-	-	-
Mr. Adebolanle Badejo	-	-	-	-
Mr. Adegboyega Adedeji	-	-	-	-
Mrs. Chiamaka Nwaegbute	-	-	-	-
Mrs.Temitope Omodele	-	-	-	-
Mr Abayomi Adeyemi	-	-	-	-
Other Influential Shareholdings				
Total Other Influential Shareholdings				
Free Float in Units and Percentage	801,253,646	26.71%	801,253,646	26.71%
Free Float in Value	N1,442,256,563		N817,278,719	

Declaration:

(A) Livestock Feeds Plc with a free float percentage of 26.71% as at 30 September 2023, is compliant with the Exchange's free float requirements for companies listed on the Main Board.