



2021

**ANNUAL
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BERGER PAINTS NIG. PLC. 2021 ANNUAL REPORT & ACCOUNTS

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CORPORATE POLICY STATEMENT

VISION

To be the best solutions provider in the paints and coatings industry

MISSION

Consistently improve on our processes and products to deliver optimal satisfaction to our customers

SHARED VALUES

- * Professionalism
- * Integrity,
- * Customer Focus
- * Teamwork (PICT).

DIRECTORS AND PROFESSIONAL ADVISERS, ETC.

Board of Directors:	<p>Abi Ayida - Chairman</p> <p>Adekunle Olowokande - Non - Executive Director</p> <p>Raj Mangtani (Indian) - Non - Executive Director</p> <p>Ogechi Iheanacho - Non - Executive Director</p> <p>Erejuwa Gbadebo - Independent Non - Executive Director</p> <p>Aisha Umar - Independent Non - Executive Director</p> <p>Nelson Nweke - Independent Non - Executive Director (Retired wef May 21 2021)</p> <p>Musa Danjuma - Non - Executive Director (Retired wef May 21 2021)</p> <p>Sanjay Datwani - Non - Executive Director (Retired wef May 21 2021)</p> <p>Adeyemi Adetomiwa - Ag. Managing Director (Appointed wef January 5, 2022)</p> <p>Anjan Sircar (Indian) - Managing Director (Retired wef January 4, 2022)</p> <p>Victor Olusegun Adeniji - Independent Non - Executive Director (Resigned wef March 9 2022)</p>
Company Secretary/ Legal Adviser	Ayokunle Ayoko
Registered Office:	102, Oba Akran Avenue, Ikeja, Industrial Estate, P.M.B. 21052, Ikeja, Lagos.
Contact Details	<p>Tel: +234(01)2805167, 28095169 Mobile: +234(01)2805167, 28095169</p> <p>0700BERGERPAINTS [0700237437724687]</p> <p>Email: customercare@bergerpaintnig.com Website: www.bpnplc.com</p>
Social Media Accounts	<p>Website: www.bergerpaints.com.ng</p> <p>Facebook: www.facebook.com/BergerPaintsNigeriaPlc</p> <p>LinkedIn: www.linkedin.com/company/berger-paints-nigeria-plc</p> <p>Twitter: www.twitter.com/BergerPaintsNg</p> <p>Instagram: www.instagram.com/bergerpaintsnigeriaplc.</p> <p>You Tube: www.youtube.com/channel/UCD_T-Wid299NWbfHxA4rGXg</p>
Investors Relation	<p>Berger Paints Nigeria Plc. has a dedicated investors' portal on its corporate website which can be accessed via this link: https://bergerpaintsnig.com/investor/</p> <p>The Company's Investors' Relations Officer can also be reached through electronic mail at: ayokunleayoko@bergerpaintnig.com; or telephone on: +234 9037757191 for any investment related enquiry.</p>
NSE Trading Information	<p>Trading Name: Berger Paints Nig. Plc. (Berger)</p> <p>Ticker Symbol: Berger</p> <p>Sector: Industrial Goods</p> <p>Sub Sector: Building Materials</p> <p>Market Classification: Main Board</p>
Registration Number:	RC: 1837
TIN	01335257-0001
FRC Registration Number:	FRC/2012/0000000000295
Registrars:	<p>Meristem Registrars & Probate Services Limited</p> <p>213, Herbert Macaulay Way, Adekunle, Yaba, Lagos.</p> <p>P.O. Box 51585, Falomo, Ikoyi, Lagos</p> <p>Tel: 01-2809250-3</p> <p>Email: info@meristemregistrars.com</p> <p>Website: www.meristemregistrars.com</p>
Independent Auditor:	<p>KPMG Professional Services</p> <p>KPMG Tower</p> <p>Bishop Aboyade Cole Street,</p> <p>Victoria Island, Lagos</p> <p>Tel: +234 1 271 8955 (or 8599)</p>
Bankers:	<p>Access Bank Plc</p> <p>Ecobank Nigeria Limited</p> <p>Fidelity Bank Plc</p> <p>First Bank of Nigeria Limited</p> <p>First City Monument Bank Limited</p> <p>Guaranty Trust Bank Plc</p> <p>Keystone Bank Limited</p> <p>Polaris Bank Limited</p> <p>Union Bank of Nigeria Plc</p> <p>United Bank for Africa Plc</p> <p>Wema Bank Plc</p> <p>Zenith Bank Plc</p>

BERGER VIRTUAL VISIT AS EASY AS...

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- B.
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- C.
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 [bergerpaintsnig.com/virtual-visit](https://www.bergerpaintsnig.com/virtual-visit)



FINANCIAL HIGHLIGHTS

For the year ended 31 December 2021

<i>In thousands of naira</i>	2021	2020	%
Revenue	4,964,796	3,837,582	29
Gross profit	1,582,720	1,419,078	12
Operating profit	199,544	194,951	2
Profit before minimum tax	190,761	211,850	(10)
Profit before income tax	178,089	210,903	(16)
Profit after tax	135,635	146,028	(7)
Share capital	144,912	144,912	-
Total equity	3,230,703	3,146,972	3
Data per 50k share			
Basic earnings per share (kobo)	47	50	(7)
Declared dividend*	40	40	-
Net assets per share (Naira)	11.15	10.86	3
Market price per share as at year end (Naira)	7.50	6.75	11
Market capitalization as at year end	2,173,680	1,956,312	11
Dividend per 50k share in respect of current year results only			
Dividend proposed (kobo)**	40	40	-

*Declared dividend represents the dividend proposed for the preceding year but declared during the current year.

**The Directors are recommending a dividend of 40 kobo (2020: 40 kobo) per share on issued share capital of 289,823,447 (2020: 289,823,447) ordinary shares of 50 kobo each, subject to approval by the shareholders at the Annual General Meeting.

CORPORATE PROFILE

Berger Paints Nigeria Plc. was established on 9th January, 1959 and has become a leader in the coating and allied industry in Nigeria. For several decades, the organization has been providing quality paints and allied coatings that meet the needs of various sectors of the economy.

With its corporate headquarters and manufacturing plant located in Lagos, Nigeria, Berger Paints Nigeria Plc. has several Berger Colour World outlets or Colour shops spread across the federation leveraging the channel distribution model. The Company is committed to excellent quality product development with a state of the art research and development unit, ensuring Berger Paints product is technologically correct, environmentally friendly and formulated to withstand harsh tropical conditions.

The Company is reputed to be the first in setting standards in the paint industry in Nigeria. Its scorecard includes the following:

- First paint manufacturer to be established in Nigeria.
- First paint company to be quoted on the Nigerian Stock Exchange.
- First paint researcher to introduce textured coating named Texcote to the Nigeria market.
- First to develop, manufacture and supply coil-coating paint to aluminum factories in Nigeria.
- First paint manufacturer to win NIS Award from SON for premium and market quality decorative products.
- First paint Company to win the Nigerian Stock Exchange Merit Award.
- First to develop and supply Thermo Setting Acrylic paints to local industries.
- First to win the National Merit award for local raw materials utilization in the paints industry.
- First to develop tropicalised and environment friendly paint products to the Nigerian market.
- First to introduce full process tamper-proof colour paint containers to the Nigerian market.

Berger Paints Nigeria Plc (BPN) is known for pioneering new products and setting the pace in the paints and allied coating sector. One of such specialty products is Berger Fire Retardant Texcote, a textured finish which has been very successful in capturing the imagination of many consumers. Berger Fire Retardant Texcote has now been adopted as the generic term for textured paint in Nigeria. Berger Rufhide, a wall putty with superior adhesive strength and capability over conventional Plaster of Paris and other screeding materials, is the first of its kind in the Nigerian market. Our other well-known brands such as Luxol (Clistay), Super Star and Classic continue to have their loyal clientele and enjoy extreme popularity across Nigeria today.

Every Berger Colour World is a colour specialty outlet equipped with ultra-modern colour tinting machines, colour development software and skilled technical personnel with the capability to produce thousands of colours in sizeable quantities. They also have ample supply of BPN products for immediate purchase or supply. The Berger Colour Shop managed by our dealers, super or mega dealers, ensures the provision of excellent quality products for which the Berger brand is known for to every consumer and reaching the nooks and crannies of the federation. They provide technical evaluation and professional consultation services to corporate and private clientele.

Berger Paints also provides Supply and Apply Services for public and private organizations. Some of our reference projects include the following - Elizade University, Lekki Gardens, Haven Home, Keystone Bank, Mosaf Nigeria Limited, Vitafoam Plc and Glo World Project amongst others.

Berger Paints Nigeria Plc., with the corporate signature, "enduring Beauty and Protection," has always placed innovation, integrity, quality of products & services and the provision of a vast product range at the top of its priorities, which has made it a one-stop solution for all painting needs.

Our Products

Berger Paints Nigeria Plc. is the only paint manufacturing company in Nigeria operating in the five key segments:

- Decorative/Architectural Finishes;
- Marine & Protective Coatings
- Automotive/Vehicle Refinishes;
- Industrial Coatings; and
- Wood Finishes and Preservers.

CORPORATE PROFILE (CONT'D)

Decorative Paints

The decorative range covers the architectural and building maintenance coatings of high and medium quality, which are used by leading contractors as well as craftsmen. The brands are household names in the Nigerian paints market - Texcote, Luxol and Super Star - which are available in unlimited range of colours, possessing both beauty and protective abilities against all the elements of the weather. Clinstay is a unique brand of washable water based emulsion paint, suitable for the internal part of the home and high traffic areas susceptible to dirt which can be washed with foam, mild soap and water. Rufhide is a specially formulated paint that covers cracks and wall imperfections.

Industrial Coatings

These are protective paints used as coatings for virtually all categories of manufacturing equipment and machines. The paints protect the items from rusting and make them resistant to scratching. The coatings are available to suit all forms of application technologies ranging from brushing, conventional spraying, dipping, curtain coating, roller coating, can and coil coatings, tumbling and electro-static method. The product range includes stoving enamels, curtain coatings, and quick drying enamels amongst others.

Marine and Protection

The Berger Paints range of protective coatings has over 30 years, successfully met the comprehensive and specialized anti-corrosive demands of the structures and equipment of the marine industry in Nigeria. The marine paints/heavy duty coatings, bituminous coatings, a wide range of primers and protective systems for steelworks, marine primers, bottom compositions including anti-fouling and coatings for boot topping and topsides. Major petroleum oil drilling companies and main ship maintenance companies in Nigeria use BPN products.

Automotive/Vehicle Refinishes

We are expanding the frontier of vehicle refinishes range of paints. The top quality automotive range of products includes topcoats for the vehicle assembly plants as well as car refinishes with the brand name Autolux. It is compatible with all makes of vehicles. Autolux is available as a single pack or two-pack in a wide range of colours giving high gloss and build together with excellent hardness and durability. Autolux is the ideal all-purpose refinishes enamel, which can be air dried or low baked. The Company also supplies 2 Pack auto-refinishes products to major industries in Nigeria.

The Autolux range includes the solid and metallic paints, primers, varnish, and NC putty. The Autobase range includes the base and acryl, primers and fillers, clear and hardeners, slow and hard thinners in addition to other accessories.

Wood Preservers and Finishes

These are Bergernol wood preservatives and Lignolac wood finishes respectively. Bergernol is noted for high quality performance in wood preservation, while Lignolac is available to a wide variety of wood industries, from the roadside carpenters to corporate organizations, from simple to top of the line furniture and doors. This range incorporates sanding sealer, lacquer gloss, satin and matt, as well as wood stains. These brands are market leaders and they are known and popular in the trade and among the various customer groups.

A Future Assured

Berger Paints will continue to pay special attention to the acquisition of technologically advanced production machines and embark on human capital development in order to cope with the changing and sophisticated taste of customers.

- Berger Colour World: As a means of moving closer to the door steps of our consumers to deliver excellent customers services, Berger Colour world is opened in strategic locations across the country. Berger Colour world offers endless colour possibilities where customers can dream their choice of colours and have them produced instantly.
- Technical Collaborations: Along the line of technical update and innovation drive, Berger Paints Nigeria Plc. continues to collaborate with experienced technical partners and world leaders in paint and coatings solutions.
- Environmental friendly products: Berger Paints continues to embark on research and development activities that would facilitate introduction of environment friendly products which help in preserving the earth.

CORPORATE PROFILE (CONT'D)

Quality Assurance

As a confirmation of our oath to clients; that we will exchange value and service for every Naira they part with, all Berger Paints containers come with tamper-proof hologram cover. Customers are strongly advised to watch out for this as a sign of our quality assurance. This led to the actualization of the ISO 9001:2015 quality certification.

Marketing and Distribution

The Company's marketing approach is guided by the principle that no matter how good or innovative its products are, they require capable people to professionally present them in a way that is devotedly customer-focused. This principle has successfully guided the company in hiring, training and developing its sales force to meet set objectives. Since most of the products are customer specific, the Company keeps upgrading its production machinery, research and development and uses top quality raw materials. We distribute our products through an expanding nationwide network of over 50 outlets and appointed agents (mini outlets) spread across the country.



BOARD OF DIRECTORS

MR ABI AYIDA

CHAIRMAN

Mr. Ayida holds a Bachelor's Degree in Economics from University of Minnesota, USA and a Masters' Degree in Economics from Pennsylvania State University, USA. He has extensive experience in investment banking, insurance, retail and manufacturing industries in the UK, USA and Nigeria. He is the Managing Partner for Vail Woodward Associates, a firm of international business development consultants.

He is also the Chairman of Recyclan Holdings Limited (UK), and Managing Partner of Ilare Properties Limited, owners, developers and managers of luxury retail shopping malls. He is a Member of the Institute of Directors and a Member of the Guardian Newspapers Editorial Board.

He joined the Board on 14th December 1999 and was appointed as Chairman of the Board on 7th June, 2018.



MR. RAJ MANGTANI

NON-EXECUTIVE DIRECTOR

Mr. Mangtani is an astute businessman and holds a Bachelor's degree in Commerce from University of Bombay. He is a member of the Nigeria Institute of Management and Indian Professionals' Association of Nigeria.

Mr. Mangtani is the Managing Director of Emychem Limited, a leading chemical marketing company. He also serves on the Boards of such notable manufacturing companies as Metcem Limited and Zaika Foods Ingredient Limited as a non-executive director.

He joined the Board as a Non-Executive Director on 10th September, 2002 as an alternate director, and was appointed as a full Non-Executive Director on 16th October, 2014.



MR KUNLE OLOWOKANDE

NON-EXECUTIVE DIRECTOR

Mr. Olowokande is a Chartered Accountant. He holds an MA in International Finance from London Metropolitan University. He had served as Management Accountant to leading professional services firms in the United Kingdom and for a couple of years, he functioned as the Head, Strategy and Risk Management for Berger Paints Nigeria Plc.

He was appointed as a Non-Executive Director on 16th October, 2014.



BOARD OF DIRECTORS (CONT'D)



MRS. OGECHI IHEANACHO
NON-EXECUTIVE DIRECTOR

Ogechi Iheanacho is a financial and corporate governance expert having served as Financial Dealer, Treasury & Funds Management with Associated Discount House Limited (now Coronation Merchant Bank Ltd) and as Legal Counsel in the Company Secretariat of Fidelity Bank Plc.

She is the Managing Partner of Formosa Partners and a Director on the board of Harmony Trust & Investment Company Limited. She is also a Trustee of the Living Fountain Orphanage, Lagos. Mrs. Iheanacho graduated with an LLB degree from the University of Westminster, London, U.K., where she was awarded the Geoffrey Reeday Prize for the best result in Company Law. She also holds a Master's degree in Commercial & Corporate Law (Merit) from the University of London (University College London). She is a member of the Institute of Directors Nigeria, the Nigerian Bar Association, the Society for Corporate Governance Nigeria, an Associate of the Chartered Governance Institute, UK, and a member of World Commerce and Contracting.



MRS. EREJUWA GBADEBO
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mrs. Gbadebo is a Chartered Architect and Chartered Surveyor with 34 years of international experience in strategic and executive management, project design, and on-site project and program administration, in both the construction and real estate industry. She has undertaken several courses on ethics, finance, law, and the role of Independent Non-Executive Directors as run by the Royal Institution of Chartered Surveyors, UK, the Institute of Directors, Nigeria and Women on Boards, UK. She holds an MBA from Henley Management College, UK, with an emphasis on strategic marketing, and financial and project management.

Mrs. Gbadebo possesses experience in the management and leadership of people, time and resources, plus the coordination of multi-disciplinary external teams of consultants, support staff and contractors. She served as the Chief Executive Officer of Broll Property Services Limited, Nigeria (Broll NG), a subsidiary of Broll Property Services Group (Pty) South Africa, between June 2008 and Sept 2013. She also served as Executive Director of Propose, Design and Implement (PDI) Limited, a boutique real estate consultancy and advisory firm, between October 2013 and January 2015. Thereafter, she served as Managing Director of Alpha Mead Real Estate Partners Limited - a strategic business unit of Alpha Mead Group (formerly Cluttons International Limited- the Nigerian subsidiary of Cluttons LLP, United Kingdom), between January 2015 and January 2020. She is currently the Managing Director of Propose, Design and Implement (PDI) Limited.



MRS. AISHA UMAR
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mrs. Umar is a Legal Practitioner, Notary Public and Social Entrepreneur with vast experience in the public sector, private sector and the academia. She holds a Post in Global Business from Oxford University, and is currently a Doctorate Student at the University of West Scotland-Centre for Africa Research and Enterprise and Economic Development - CAREED, researching Africa's engagement with the World Trade Organization (WTO) and strategies for boosting value added exports from the continent.

Over the past 15 years, Aisha has provided legal and technical advisory services to the Federal and State governments on various projects in the education, transportation, agriculture and water sectors, some of which have been funded by international development agencies including the Department for International Development (DFID) and the World Bank. She also has strong background in agribusiness consultancy and social entrepreneurship. She is the founder of Inara Foundation, a non-governmental organization established to support communities affected by the conflict in North East Nigeria. She is also the CEO of Inara Enterprises, an Agribusiness company promoting trade and value addition of agricultural commodities. Earlier in her career, she was a lecturer on Company and Commercial Law at the prestigious Nigerian Law School, Lagos. She is the co-author of a book entitled Quick Reference Materials on Nigerian Law & Practice - the leading reference book used by legal practitioners and law students.

BOARD OF DIRECTORS (CONT'D)

MR. ADEYEMI ADETOMIWA

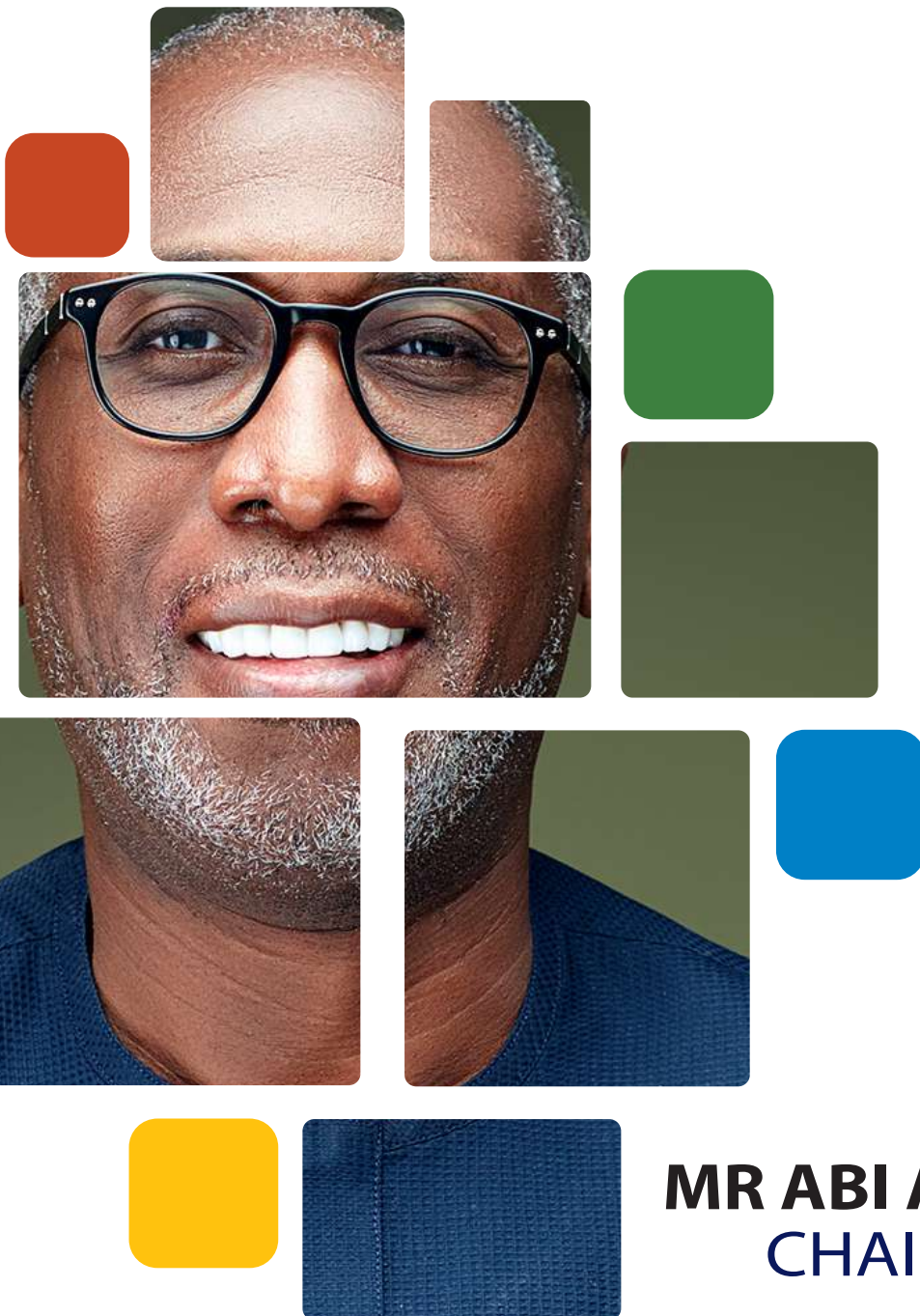
AG. MANAGING DIRECTOR/C.E.O

Mr. Adetomiwa, a Certified Environmental Scientist (NREP, USA) was educated at the Ladoko Akintola University of Technology, Ogbomosho where he bagged B.Tech in Chemistry. He joined the services of CAP Plc as an Assistant Production Manager in 2001 and worked in various capacities as a Process Support Manager, Category Planner, Planning Manager and Plant Manager. In 2011, he was appointed as the Technical Operations Manager in acting capacity, a position he held until January 2, 2012 when he was appointed the Quality Assurance Manager of the Company and in 2018, he became Health, Safety, Environment and Quality Manager.

He has attended several management courses and training locally and internationally among which are Operations Management, Production Management, Quality Environmental Management, Safety, Health & Environmental Management, Finance for non-Managers, Supply Chain Management, Bullet-Proof Manager Training, ISO 9001 & 14001, ISO Lead Auditor Course. His also a fellow of the Institute of Credit Administration.

Adeyemi joined Berger paints Nigeria Plc on the 2nd December 2019 as the Chief Operating Officer. In line with the BPN robust succession planning policy, Mr. Adeyemi is now the Acting Managing Director/CEO effective January 5th, 2022.





MR ABI AYIDA
CHAIRMAN



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am delighted to welcome you all to our Company's 2021 Annual General Meeting and present the Annual Report and Financial Statements for the year ended 31 December 2021.

Macroeconomic Overview

The Nigerian Economy witnessed growth in 2021. Growth was recorded in Q2 (5.01%), Q3 (4.03%), and Q4 (3.98%), which accelerated recovery from Covid related contractions with an annual growth of 3.4% above most projections. We are not fully out of the disruptions caused by the pandemic, which continued to disrupt supply chains and impact consumer behavior.

Reassuringly, the recovery was driven by the non-oil sector, which continues to increase its contribution to Nigeria's GDP, including the Paint subsector. The sector is well-positioned for further growth in the years to come Nigeria's paint industry is projected to hit \$377m growth by 2025.

As the economic recovery accelerated, consumer price inflation witnessed a decline from the highs seen in early 2021, dropping to 15.4% recorded in November 2021, before beginning to trend up again in December 2021 to 15.6%. The exchange rate also faced increased pressure across the year, with the Naira continuing to weaken against the US Dollar across all market segments. The official window of N416 is now more closely aligned with the Investors and Exporters (I&E) foreign exchange window as the government continues to work to enhance liquidity. Foreign exchange inflow in the I&E window increased by 142% to USD10.7 billion in the second half of the year, compared to USD4.42 billion in total turnover in the first half of the year. In 2022, the global economy is expected to continue outpacing pre-pandemic growth rates as the recovery continues but will slow from the highs seen in 2021. The IMF expects Nigeria to grow 2.7% in 2022, down slightly from the 2021 growth rate.

Futuristic Outlook

The amount of US\$ available for imports will be about US\$90 billion out of which oil imports will be about US\$11 billion. The remaining US\$79 billion will fund the import of goods and services. The CBN may bleed reserves by up to an additional US\$5 billion and increase the amount of US\$ available for businesses.

Federation account revenues should grow by about 15% in 2022. The bulk of the growth will come from VAT and Companies' Income Tax. FGN's share of these revenues and her independent revenue will be about ₦5.0 trillion under our most aggressive estimates.

Obligatory spending (interest on loans, statutory transfers, and payroll & unfunded pensions) will total about ₦11 trillion. The bulk of the remaining funds will go to capital expenditure which we estimate at not more than ₦3 trillion.

It is expected that dual exchange rates will continue in 2022. The CBN is expected to use improved oil & gas export revenues and maybe some of the external reserves to shore up the NAFEX rate which we estimate will close the year at about ₦430/US\$1. Additionally, we expect there will be continued pressure on the NGN/US\$ rate in the parallel market. Unless the CBN injects some US\$ into this market to dampen the pressure, the closing ₦/US\$ exchange rate in this market is expected to be about NGN610/\$1 at year-end. This will significantly impact the prices of raw materials and subsequently product margins.

Supply Chain Disruptions

The impact of Covid-19 will remain with us but will cause less disruption to business activities. The impact of the Russia- Ukraine war has introduced another dimension and started affecting supply chains. Supply chains are once again being tested, this time by the extraordinary events in Ukraine. The time has long since passed when supply chain disruptions can be treated as one-off events, with organizations scrambling to mitigate the disruption to their business and to keep goods, funds, and information flow across the supply chain. The interconnectedness of economies and businesses has both exacerbated the growing supply chain crisis and the conflict in Ukraine reinforces the imperative for most organizations to have in place more resilient supply chains.

“ The time has long since passed when supply chain disruptions can be treated as one-off events, with organizations scrambling to mitigate the disruption to their business and to keep goods, funds, and information flow across the supply chain. The interconnectedness of economies and businesses has both exacerbated the growing supply chain crisis and the conflict in Ukraine reinforces the imperative for most organizations to have in place more resilient supply chains. ”

CHAIRMAN'S STATEMENT (CONT'D)

In responding to this, the Board has continued to ensure that adequate risk management frameworks and systems are in place. This means focusing on risks in the extended supplier network and in relation to the supply and inflationary pressures on key raw materials.

It is now critical to understand and activate alternate sources of supply. The Board has provided guidance to Management to start moves to quickly activate secondary supplier relationships and secure additional critical inventory and capacity. As we make these moves, we are cautious to take care in choosing alternate sourcing locations for key commodities, as doing so can increase industry reliance on supplier hubs that are already concentrated.

Performance Overview

I am pleased to report that the Company recorded improved performance across key financial metrics in 2021, demonstrating the strength and resilience of our business. The gross revenue improved by 29% from the previous year's figure of NGN 3,837,582 billion to NGN 4,964,796 billion. The Gross profit increased by 12% from NGN 1,419,078 billion to NGN 1,582,720 billion. Although the profit after tax dipped by 7% from NGN 146,028 to NGN 135,635, the operating profit increased by 2% from NGN 194,951 million to NGN 199,544 million. These numbers achieved in one of the most difficult years in the company and the country's recent history is a demonstration of the resilience of your company.

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At Board level, we are continuously looking at ways of minimizing the impact of macroeconomic challenges on the business. We have straightened our business continuity measures, diversified our supply chain options, reinforced our succession planning process whilst focussing on eliminating wastages. Indeed, we have focused on transforming the business for more resilience, durability and flexibility which will prove vital to the sustainability of the business in a harsh business environment.

// We have straightened our business continuity measures, diversified our supply chain options, reinforced our succession planning process whilst focussing on eliminating wastages. Indeed, we have focused on transforming the business for more resilience, durability and flexibility which will prove vital to the sustainability of the business in a harsh business environment. //

We believe the darkest days are behind us and now look forward to much better performance in the coming years.

Dividend

On a positive note, the Board is recommending for the second consecutive year, a proposed Dividend of N115,929,379 as proposed Dividend for the 2021 financial year. This works out at 40 Kobo per share. This is a demonstration of our pledge to at the very least sustain shareholder value even in a difficult economic environment.

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CHAIRMAN'S STATEMENT (CONT'D)

If approved at the meeting, the dividend will be paid electronically on May 20, 2022, to shareholders whose names appear on the Register of Members as of April 21, 2022, who have completed the e-dividend registration and mandated the Registrars to pay their dividends directly into their bank. Shareholders are advised to forward particulars of their account details to the Registrars to enable direct credit of their dividends on the same day.

Board/Management Changes

Since the last Annual General Meeting, Mr. Victor Olusegun Adeniji resigned and Mr. Anjan Sircar, retired from the Board as MD/CEO having completed his three-year tenure as Managing Director. We appreciate the efforts of the aforementioned to the Company.

In replacement of Mr. Sircar and in line with our robust succession policy, the Board appointed Mr. Adeyemi Adetomiwa as Acting Managing Director/Chief Executive Officer effective January 4, 2022. Mr. Adeyemi Adetomiwa brings on board almost three decades of management experience in the manufacturing industry. He is a Certified Environmental Scientist (National Registry of Environmental Professionals, U S A) and holds a B.Tech Degree in Chemistry from the Ladoke Akintola University of Technology, Ogbomosho.

He joined the services of CAP Plc as an Assistant Production Manager in 2001 and worked in various capacities including Process Support Manager, Planning Manager, and Plant Manager. Between 2011 and 2018, he also served as the Technical Operations Manager (Acting), Quality Assurance Manager, Health, Safety, Environment, and Quality Manager. He joined Berger Paints Nigeria Plc in 2019 as Chief Operating Officer.

Additionally, Mr Onyebuchi Roberts has recently joined us as Chief Financial Officer.

Onyebuchi has over 18 years of experience in Accounting & Finance in the Manufacturing Industry. Prior to joining Berger Paints Plc (BPN), he was Chief Financial Officer of Ethylene Products and Lubricants Limited, an industry leader in the manufacture and sale of high-quality packaging materials.

He was also Chief Accountant at N.N. Fems Industries Limited, where he is credited for implementing the Tally Accounting Software and Internal Control systems of the company.

Onyebuchi had a previous stint in BPN where he worked between May 2007 to March 2015. Whilst at BPN, he rose to the position of Acting Chief Finance Officer, where he oversaw the preparation of BPN's IFRS Financial Statements for 2012, 2013, and 2014. He is also credited with operationalizing the Manufacturing Module of Sage ERP and Fixed Assets Module in BPN.

He was also responsible for inventory management, cost accounting, and treasury management in BPN.

He is a Chartered Accountant (CA) and holds a B.Sc. Accounting degree from Imo State University, (now Abia State University: 1989)

Board and Governance

The Board places strong Corporate Governance at the forefront of its agenda and believes it to be the foundation on which sustainability of the business can be attained. The Board continues to carry out its duties and responsibilities in the best interest of the Company. Committees of the Board have been set up to assist the Board's overall effectiveness and given clear terms of reference which guide their operations with regular reports to the Board.

The Board continues to place emphasis on the highest ethical standards. With the realization that beyond words, the Board's demonstration of exemplary adherence is key to achieving the right cultural disposition towards good governance compliance company-wide. Within the year under review, the Board participated in the Corporate Governance Rating System (CGRS) certification exercise. The CGRS certification program is organized by the Convention on Business Integrity (Cbi), in partnership with the Nigerian, Exchange established a Corporate Governance Rating System (CGRS) for listed companies in Nigeria. The CGRS was introduced into the Nigerian Capital Market in 2012 and launched in 2014 after it was successfully piloted with a number of volunteer companies, including some of the companies now listed on The Exchange's Premium Board.

CHAIRMAN'S STATEMENT (CONT'D)

// Within the year under review, the Board participated in the Corporate Governance Rating System (CGRS) certification exercise. The CGRS certification program is organized by the Convention on Business Integrity (Cbi), in partnership with the Nigerian, Exchange established a Corporate Governance Rating System (CGRS) for listed companies in Nigeria. //

The CGRS process comprises three segments: an independently verified, self-assessment by the company; a certification of its directors' awareness of their fiduciary duties; and a corporate integrity assessment of the company, where perceptions of actual company behavior are sought from internal and external stakeholders. Combinations of the three segments with attendant weighted scores are then collated, and companies with a score of 70% and above will be accorded the CGRS certification mark.

// Companies with a score of 70% and above will be accorded the CGRS certification mark. We are pleased to inform you that your Company obtained a score of 85.03% from the certification exercise after the aggregation of scores across the three stages of the certification program. //

We are pleased to inform you that your Company obtained a score of 85.03% from the certification exercise after the aggregation of scores across the three stages of the certification program.

This underscores our commitment to doing business properly. We will leave no stone unturned in our focus to set the gold standard in conducting our business ethically and in line with best governance practices.

// This underscores our commitment to doing business properly. We will leave no stone unturned in our focus to set the gold standard in conducting our business ethically and in line with best governance practices. //



Abi Ayida
FRC/2019/IODN/00000019260
Chairman, Board of Directors



MANAGEMENT PROFILE

MR. ONYEBUCHI ROBERTS

CHIEF FINANCIAL OFFICER

Mr Roberts has over 18 years of experience in Accounting & Finance in the Manufacturing Industry. Prior to joining Berger Paints Plc (BPN), he was Chief Financial Officer of Ethylene Products and Lubricants Limited, an industry leader in the manufacture and sale of high-quality packaging materials.

He was also Chief Accountant at N.N. Fems Industries Limited, where he is credited for implementing the Tally Accounting Software and Internal Control systems of the company.

He had a previous stint in BPN where he worked between May 2007 to March 2015. Whilst at BPN, he rose to the position of Acting Chief Finance Officer, where he oversaw the preparation of BPN's IFRS Financial Statements for 2012, 2013, and 2014.

He is also credited with operationalizing the Manufacturing Module of Sage ERP and Fixed Assets Module in BPN.

He was also responsible for inventory management, cost accounting, and treasury management in BPN.

He is a Chartered Accountant (CA) and holds a B.Sc. Accounting degree from Imo State University, (now Abia State University: 1989)



MRS. ADERONKE OLAJUBU

HEAD OF OPERATIONS

Mrs. Olajubu is the Head of Operations of Berger Paints Nigeria Plc. She holds a Degree in Chemistry from the Obafemi Awolowo University Ile-Ife. She joined Berger Paints Nigeria Plc in February 1998 and has served in various capacities over the years. She is a member of Chemical Society of Nigeria and attended various local and International leadership & management Paints and Coating Training in Nigeria, South Africa and Dubai. She was appointed Head of Technical in July, 2018.



MR. DOMINIC OLADEJI

HEAD, MARKETING AND STRATEGY

Mr. Oladeji joined Berger Paints Nigeria Plc in 2019 as Head, Marketing and Strategy. Prior to joining Berger Paints Nigeria Plc, he had worked in the following capacities: Marketing Manager, CAP Plc (UACN Plc), Brand Manager, CAP Plc (UACN Plc), Brand Manager (Rofico Limited), Product Group Manager (Ozed Limited).

He holds a B.Sc degree in Chemistry from Federal University of Agriculture, Abeokuta and has attended various local and international courses amongst which are: Strategic Innovation and Business Development (Lagos Business School), Strategic Marketing Management (Lagos Business School), Brand Management (UAC Learning and Development Centre), Advanced Marketing (AkzoNobel Advanced Marketing Academy, U.K), Bullet-Proof Manager Training Series (Crestcom International, Colorado, U.S.A), Brand and Trade Channel Management (AkzoNobel, U.K). Dominic Oladeji is a member of The Chartered Institute of Marketing, U.K.



MANAGEMENT PROFILE (CONT'D)



MRS. OLAYINKA OSIKOMAIYA

HEAD, INTERNAL CONTROL, RISK AND COMPLIANCE

Mrs. Osikomaiya is the Head, Internal Control, Risk and Compliance at Berger Paints Nigeria PLC. She holds a B.sc degree in Accounting and an MBA with a specialization in Finance, from the University of Lagos. She is an associate member of Institute of Chartered Accountants (ICAN) and a Certified Risk-Based Auditor. She has over a decade experience in Internal Audit, Internal Control and Risk Management.

Prior to joining Berger Paint Nigeria PLC, she has worked in Flour Mills of Nigeria PLC, WSTC Financial Services Ltd and Primero TSL among others. She trained as an Auditor with DASOD, a firm of Chartered Accountants and has undergone various trainings in Audit, Internal control and Risk Management to enhance her expertise.



MR. HENSHAW NWAORGU

HEAD, MANUFACTURING

Mr. Nwaorgu is the Head of Manufacturing of Berger Paints Nigeria Plc with over 20 years' experience in the Manufacturing Sector. He has worked in various capacities in prominent companies like Banex Industries Limited and Orange Drugs Limited. He Joined Berger Paints Nigeria Plc in 2014. He has served in various capacities and was appointed as the substantive Head of Manufacturing in July 2018.

He graduated from the University of Ibadan with a first class degree in Industrial Chemistry. He is a professional member of the Chemical Society of Nigeria and the Institute of Chartered Chemists. He has attended various local and international courses.



MR. OLAWALE AKINREMI

AG. HEAD OF SALES

Mr Akinremi is the Ag Head of Sales of Berger Paint Nig Plc. with almost 15 years in the Sales Department of BPN, Having held several positions in sales, Area Sales Manager, Regional sales manager, Corporate Sales Manager, National Franchise Manager, over the year. He holds Higher National Diploma in Marketing(HND) from The Polytechnic Ibadan, PGD and MBA in Marketing from Ladoke Akintola University of Technology also attends training with the Metropolitan school of business and management.

An experience that has spanned over 14 yrs, which cut across sales functions with very strong strength in people and customer management. He is a goal-driven and result-oriented person who thrives on challenges and drives positive changes. Focused on achieving set targets as well as providing excellent customer service(internal/external) Outstanding work ethics, commitment to team achievements and comprehensive knowledge of strategy development, channels management and communication development. Developments of latent and hard skills within a challenging and competitive environment are my strong focus

MANAGEMENT PROFILE (CONT'D)

MRS. MARGARET ESSIEN

HEAD, HUMAN RESOURCES

Mrs Essien is the head of Human Resources. She holds a Bachelor of Science degree in Accounting from Igbinedion University, Okada, Edo State in Nigeria. She is a professional stakeholder engagement and customer retention strategist with a passion for talent resources management.

Mrs. Essien joined Berger Paints Nigeria Plc. over a decade ago and has served in various capacities over the years as she grew through the ranks. She was appointed as Head of Human Resources in July 2021. She specializes in staff recruitment; skills gap analysis; training need assessments and organizational restructuring aimed at adding to the bottom- and top-line performance of the business.

Mrs. Essien is a member of Nigeria Institute of Training and Development. She has attended various local and international training on human resources management.



MR. AYOKUNLE AYOKO

COMPANY SECRETARY/LEGAL ADVISER

Mr. Ayoko is a chartered secretary and lawyer with multi-industry experience in corporate governance, legal advisory, legal drafting, human resources management, company secretarial, and corporate strategy.

He was Company Secretary to FBN Insurance Limited, FBN General Insurance Limited (then subsidiaries of FBN Holdings Plc and Sanlam, South Africa), and FBN Insurance Brokers Limited, prior to joining Berger Paints Nigeria Plc in 2018 as Company Secretary/Legal Adviser.

He is a recipient of the 2019 "40 under 40" Nigerian Legal Award by Esq. Magazine, Lagos, the 2020 Modern Governance Global 100 Award by Diligent Corporation, New York, and 2022 Forty Under Forty Africa, Ghana for the Law category.

Mr. Ayoko holds an LLB (Hons) degree from the University of Ibadan and has been called to the Nigerian Bar. He is a Certified Compliance Analyst(CCA) and Certified Management Consultant(CMC). He also holds Fellowship of the Nigerian Institute of Management Consultants and the Global Academy of Finance and Management, USA.

He is a Council Member of the Gerson Lehrman Group (GLG), New York and director with Kaizen Academy Limited. He is a member of the Society for Corporate Governance, Nigeria (SCGN), Institute of Directors, Nigeria (IoD), Nigeria Bar Association (NBA), and the International Bar Association (IBA).



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NOTICE OF 62ND ANNUAL GENERAL MEETING

Notice is hereby given that the 62nd Annual General Meeting (AGM) of Berger Paints Nigeria Plc. will be held by proxy at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Thursday, May 19, 2022, at 10:00 a.m., or so soon thereafter, to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31st December 2021, together with the reports of the Directors, Auditors, Board Appraisers, and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect the following Directors retiring by rotation:
 - a. Mr. Raj Mangtani
 - b. Mrs. Ogechi Iheanacho
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To disclose the remuneration of the Managers of the Company.
6. To elect members of the Audit Committee.

Special Business

7. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That, in compliance with the Rules of the Nigerian Exchange Limited (NGX) governing transactions with Related Parties or Interested Persons, the Company be granted a General Mandate in respect of all recurrent transactions entered into with a related party or interested person provided such transactions are of a revenue or trading nature or are necessary for the Company's day-to-day operations. This Mandate shall commence on the date on which this resolution is passed and shall continue to operate until the date on which the next Annual General Meeting of the Company is held'

8. To consider and if thought fit, pass the following as special resolutions:
 - 8.1. "That pursuant to Section 131 and other applicable provisions, if any, of the Companies and Allied Matters Act (CAMA) 2020, Section 13 of the Companies Regulations 2021, and Article 47 of the Articles of Association of the Company, the authorized share capital of the Company be and is hereby reduced from NGN400,000,000 (Four Hundred Million Naira only) divided into 800,000,000 ordinary shares of 50 kobo each to NGN144,911,724 (One Hundred and Forty-Four Million, Nine Hundred and Eleven Thousand, Seven Hundred and Twenty Four Naira) divided into 289,823,448 Ordinary Shares of 50 kobo each by canceling 510,176,552 ordinary shares of 50 kobo each, which have not been issued".
 - 8.2. 'That pursuant to section 124 of CAMA 2020, the Company be and is hereby authorized to take all steps necessary to ensure that the Memorandum and Articles of Association of the Company are altered to comply with Resolution 8.1 above, including replacing the provision(s) on the authorized share capital with the issued share capital, an amending Clause 6 of the Memorandum of Association of the Company as follows:

The Share Capital of the Company is NGN144,911,724 (One Hundred and Forty-Four Million, Nine Hundred and Eleven Thousand, Seven Hundred and Twenty-Four Naira) divided into 289,823,448 Ordinary Shares of 50 kobo each.
 - 8.3. That the Board and Management is hereby authorized to perform all acts and to do all such other things as may be necessary for, or incidental to giving effect to resolutions 8.1 and 8.2 above, including but not limited to carrying out, any actions as may be necessary to comply with any legislation, execute agreements, appoint

NOTICE OF 62ND ANNUAL GENERAL MEETING (CONT'D)

appointing consultants and advisers, and comply with the directives of the regulatory authorities and government bodies.

9. To consider and if thought fit, pass at special resolution of the Company, the amendment of the Articles of Association of the Company as detailed below:

9.1. That Article 48 be reworded to read as follows:

"The Company shall in each calendar year, hold a general meeting as its Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it; and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next.

The Annual General Meeting shall be held at such place and time as the Directors shall appoint. The Company may hold a virtual, hybrid (combination of virtual and limited physical presence) or a proxy general meeting, where it will be impossible to hold a normal general meeting due to government laws, policies, regulations, pandemic, or other related reasons."

9.2. That Article 51 be amended by the creation of a new sub-Article 51 (c) to read as follows:

"(c) The Annual Reports and Accounts and/or other Reports, documents and information relating to any business to be transacted at a General Meeting of the Company may be distributed or circulated electronically to members and persons entitled to receive them"

9.3. That Article 53 be reworded to read as follows:

'All businesses transacted at annual general meetings are deemed special business, except declaring a dividend, presentation of the financial statements and the reports of the directors and auditors, the election of directors in the place of those retiring, the appointment, fixing of the remuneration of the auditors, appointment of members of the audit committee and disclosure of remuneration of managers of a company, which are ordinary business'

9.4. That Article 80 be reworded to read as follows:

'The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party. Provided that the amount for the time being remaining undischarged of money borrowed or secured by or on behalf of the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not at any time, exceed Five Hundred Million Naira, except with the approval of the general meeting'

9.5. That the Board and Management are hereby authorized to perform all acts and to do all such other things as may be necessary for, or incidental to giving effect to resolutions 9.1 to 9.4 above, including but not limited to carrying out, any actions as may be necessary to comply with any legislation, execute agreements, appoint appointing consultants and advisers, and comply with the directives of the regulatory authorities and government bodies.

Notes:

(I) Proxies

Due to the COVID-19 pandemic and in accordance with the guidelines of the Corporate Affairs Commission (CAC) on holding Annual General Meeting (AGM) of public companies using proxies, shareholders are hereby notified that attendance shall only be by proxy to ensure public health and safety. In view of the foregoing, Shareholders are encouraged to appoint proxies to represent them at the meeting.

NOTICE OF 62ND ANNUAL GENERAL MEETING (CONT'D)

A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a member of the company. Consequently, members are required to appoint a proxy of their choice from any of the listed proxies below to represent them at the meeting:

- | | | | |
|----|------------------------|---|---------------------------------|
| 1. | Mr. Abi Ayida | - | Chairman/Non-Executive Director |
| 2. | Mr. Kunle Olowokande | - | Non-Executive Director |
| 3. | Chief Timothy Adesiyun | - | Shareholder Representative |
| 4. | Mrs. Bisi Bakare | - | Shareholder Representative |
| 5. | Chief Sunny Nwosu | - | Shareholder Representative |
| 6. | Mr. Lawrence Oguntoye | - | Shareholder Representative |

A Proxy Form is attached to the Annual Report and Accounts. It may also be downloaded on the Company's website.

All instruments of proxy should be completed and deposited at the office of the Company's Registrars, Meristem Registrars and Probate Services Limited (Registrars), at 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State, or via email to info@meristemregistrars.com, not later than 48 hours before the time of holding the meeting.

The Company has made arrangements at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

(II) **Live Streaming of Meeting**

Shareholders will also be able to participate electronically through the Company's YouTube Channel where the meeting shall be streamed live and comments noted. The link for the live streaming will be made available on the Company's website.

(III) **Closure of Register of Members and Transfer Books**

The Register of Members and Transfer Books of the Company will be closed from April 22 to 28, 2022 both days inclusive for the purpose of updating the Register of Members.

(IV) **Proposed Dividend/Payment Date**

The Board of Directors of the Company, are recommending a dividend of ₦40Kobo per share, payable less Withholding Tax. If approved at the meeting, the dividend will be paid electronically on or before May 20, 2022, to shareholders whose names appear on the Register of Members as of April 21, 2022, who have completed the e-dividend registration and mandated the Registrars to pay their dividends directly into their bank. Shareholders are advised to forward particulars of their account details to the Registrars to enable direct credit of their dividends on the same day.

(V) **Unclaimed Share Certificates and Dividend Warrants**

Shareholders are hereby informed that a number of share certificates and dividend warrants have been returned to the Registrars as 'unclaimed'. Any shareholder affected by this notice is advised to contact the Company's Registrars, Meristem Registrars, and Probate Services Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State, for resolution.

(VI) **E-Dividend**

Shareholders are kindly requested to update their records and advise the Registrars of their updated records and relevant bank accounts for payment of their dividends.

Detachable forms in respect of mandate for e-dividend payment and shareholder data update are attached to the Annual Report for convenience. The forms can be downloaded from Meristem Registrars & Investor Services Limited's website at www.meristemregistrars.com. The duly completed forms should be delivered to Meristem Registrars & Investor Services Limited, 213, Herbert Macaulay, Yaba, Lagos.

NOTICE OF 62ND ANNUAL GENERAL MEETING (CONT'D)

(VII) Nominations to the Audit Committee

In accordance with Section 404 (2) of CAMA 2020, any member may nominate a shareholder as a member of the Audit Committee, by giving notice in writing, of such nomination to reach the Company Secretary/Legal Adviser at least 21 days before the Annual General Meeting.

(VIII) Re-Election of Directors

Mr. Raj Mangtani and Mrs. Ogechi Iheanacho are both retiring by rotation at this meeting in line with Section 285 of CAMA 2020. The retiring Directors, being eligible, are offering themselves for re-election as Directors at the AGM. The profiles of the Directors are contained in the Annual Report, which may be electronically downloaded at www.bergerpaintsnig.com.

(IX) Electronic Annual Report

The electronic version of the Annual Report will be available online for viewing and download from the Company's website at www.bergerpaintsnig.com. Shareholders who have provided their email addresses to the Registrar will receive the electronic version of the Annual Report via email. Furthermore, shareholders who are interested in receiving the electronic version of the Annual Report should request via email to info@meristemregistrars.com or customer-care@bergerpaintnig.com.

(X) Rights of Securities Holders

Shareholders have a right to ask questions not only at the Meeting but also in writing prior to the Meeting, and such written questions must be submitted to the Company Secretary/Legal Adviser, on or before May 13, 2022.

(XI) Profile of Directors

The profiles of all Directors are available for viewing on the Company's website, www.bergerpaintnig.com.

Dated the 25th day of March 2022.

By Order of the Board



Ayokunle Ayoko

Company Secretary/Legal Adviser

FRC/2015/NBA/00000013900

102 Oba Akran Avenue

Ikeja, Lagos State.



INFORMATION GUIDE FOR THE 62ND ANNUAL GENERAL MEETING

Dear Shareholders,

We welcome you to the 62nd Annual General Meeting (AGM) of our esteemed company, which is holding at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Thursday, May 19, 2022, at 10:00 a.m. The proposed resolutions along with the rationale for the proposed resolutions are hereinafter detailed. At the meeting, you will be asked to vote in favor of the following resolutions;

1. RESOLUTION ON REPORTS AND ACCOUNTS

Resolution

"That the Audited Accounts for the financial year ended December 31, 2021, together with the reports of the Directors, Auditors, Board Appraisers, and Audit Committee thereon submitted to the meeting be received"

Rationale

This resolution is predicated on the requirements of Section 377 (1) of the Companies and Allied Matters Act, 2020 ('CAMA') which makes it mandatory for the Directors of Berger Paints Nigeria Plc. ('BPN' or 'the Company') to prepare Financial Statements for each year. In line with this provision, the 2021 Audited Financial Statements have been prepared and included in the 2021 Annual Report and Accounts which has been circulated to you. The Report also contains the Auditor's Report, the Audit Committee's Report, the Director's Report, and the report of the External Consultants on the 2021 Board Appraisal. The 2021 Audited Financial Statements gives an overview of the financial performance of the Company for the year ended December 31, 2021. The Annual Accounts and Reports which also contain the Auditor's Report will be read before you at this meeting and is open for the inspection of any member.

Similarly, the Audit Committee, on which you have your representatives, is required by CAMA 2020 to make recommendations to the General Meeting on the company's performance and will be presenting its report accordingly. The Director's Report, which will also be presented to you at the meeting, is required under Section 377 (2) (f) of CAMA 2020 to contain the following issues in respect of the Company;

- i. A fair view of the development of the business of the Company and its subsidiaries during the year and their position at the end of it;
- ii. The amount (if any) which they recommend should be paid as a dividend and the amount (if any) which they propose to carry to reserves;
- iii. The names of the persons who, at any time during the year, were directors of the Company and the financial activities of the Company and its subsidiaries in the course of the year and any significant change in those activities in the year;
- iv. Director's interest in the Shares of the Company;
- v. Donations given by the Company within the financial year;
- vi. Information relative to the employment, training, and advancement of disabled persons;
- vii. Information relative to the health, safety, and welfare at work of the employees of the Company;
- viii. Information on Committees of the Board and its membership.

Finally, the report of the External Consultant's Appraisal report on the Board's performance will be presented to you to give you an overview of the Board's stewardship for the year under review. In addition to the aforementioned reports being statutorily required, the Annual Report seeks to give shareholders a clear picture of our Company's performance for the outgoing financial year.

We urge you to vote in support of the motion to receive these reports and the audited financial statements.

2. RESOLUTION ON DIVIDEND PAYABLE

Prayer

"That a dividend payment in the total sum of N115,929,379 (One Hundred and Fifteen Million, Nine Hundred and Twenty-Nine Thousand, Three Hundred and Seventy-Nine Naira only) which translates to 40 Kobo per each 50 Kobo

INFORMATION GUIDE FOR THE 62ND ANNUAL GENERAL MEETING (CONT'D)

ordinary share of the company held, subject to withholding tax, to shareholders whose names appear on our Company's Register of Members as at the close of business on Thursday, April 21, 2022, be hereby approved."

Rationale

According to the provisions of Section 426 (1) of CAMA 2020, the Company may, in general meeting, declare dividends in respect of any year or other period only on the recommendation of the Directors. Section 426 (3) further provides that the general meeting shall have the power to decrease the amount of dividend recommended by the Directors but shall have no power to increase the recommended amount.

The Board of Directors has recommended the payment of the sum of N115,929,379 (One Hundred and Fifteen Million, Nine Hundred and Twenty-Nine Thousand, Three Hundred and Seventy-Nine Naira only), out of the distributable reserve of the Company as dividend in respect of the financial year ended December 31, 2021. This translates to 40 Kobo per 50 Kobo share of the Company held, subject to withholding tax.

Kindly vote in support of the motion to approve the payment of the proposed Dividend.

3. RESOLUTION ON RE-ELECTION OF DIRECTORS

Resolution(s)

- 3a.** *"That Mr. Raj Mangtani, who having retired by rotation, being eligible and having offered himself for re-election, is duly re-elected."*
- 3b.** *"That Mrs. Ogechi Iheanacho, who having retired by rotation, being eligible and having offered herself for re-election, is duly re-elected."*

Rationale

Section 285 of CAMA 2020 provides that unless there is a contrary provision in the Articles of Association of a Company, all the directors of the company shall at the first Annual General Meeting (AGM) retire from office and at subsequent AGMs, one-third of the directors, or if their number is not three or a multiple of three, the number nearest to one-third shall retire.

In line with this provision, one-third of the Board of Directors have always retired at every AGM. In view of the aforementioned statutory provision, two directors will be retiring at this meeting. They are Mr. Raj Mangtani and Mrs. Ogechi Iheanacho.

The instant resolution, therefore, is for you to re-elect Mr. Raj Mangtani and Mrs. Ogechi Iheanacho who will be retiring from the Board in line with Board rotation. Their profiles are contained in the Annual Report.

In view of the foregoing, we urge you to vote in support of the motion to re-elect Mr. Raj Mangtani and Mrs. Ogechi Iheanacho to the Board as Directors.

4. RESOLUTION ON REMUNERATION AND EXPENSES OF THE COMPANY'S AUDITOR

Resolution

"That the remuneration and expenses of the Company's Auditor, Messrs. KPMG be fixed by the Directors in respect of the period ending at the end of the next Annual General Meeting."

Rationale

Section 408(1) (b) of CAMA 2020 provides that the remuneration of Auditors may be fixed by the company in General Meeting or in such manner as the company in General Meeting may determine. In line with the referenced provision of CAMA 2020, it is usual practice to ask the General Meeting to authorize the Board to negotiate and fix the remuneration of the External Auditor.

INFORMATION GUIDE FOR THE 62ND ANNUAL GENERAL MEETING (CONT'D)

The Board will be guided in this regard by the Audit Committee in line with the provisions of Section 404 (7) (e) of CAMA which provides that the Audit Committee shall make recommendations to the Board with regards to the appointment, removal and remuneration of the company's External Auditors. The Company's External Auditor is Messrs.' KPMG Professional Services.

We therefore request you to vote in support of the motion to authorize the Directors to fix the remuneration and expenses of the Company's Auditor KPMG in respect of the period ending at the end of the next Annual General Meeting.

5. TO DISCLOSE THE REMUNERATION OF THE MANAGERS OF THE COMPANY

Resolution

'The Directors hereby disclose that the remuneration for the Managers of the business for the 2022 financial year was ₦113,055,992.27

Rationale

One of the novel provisions of CAMA 2020 is the requirement for the disclosure of the remuneration of managers of a company has been added as part of the ordinary business to be transacted at an AGM. Section 238 Section 257 of CAMA 2020 provides that the remuneration of the managers of the business should be disclosed to the general meeting whilst section 238 provides that it should be treated as ordinary business.

For the 2020 financial year, a total sum of NGN113,055,992.27 was paid to the managers of the business. No resolution is required to be taken on this item.

6. RESOLUTION ON APPOINTMENT OF STATUTORY AUDIT COMMITTEE

Resolution

Shareholders are requested to vote to elect the following nominees to serve on the Audit Committee for the current financial year;

- | | | |
|----|-------------------------------------|--|
| 1. | _____ | <i>(Shareholder Representative)</i> |
| 2. | _____ | <i>(Shareholder Representative)</i> |
| 3. | _____ | <i>(Shareholder Representative)</i> |
| 4. | <i>Mrs. Ogechi Iheanacho</i> | <i>(Director)</i> |
| 5. | <i>Mr. Kunle Olowokande</i> | <i>(Director)</i> |

Rationale

According to the provisions of Section 404(2) of CAMA 2020, all public companies are mandated to have Statutory Audit Committees (SAC) to ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices. The Committee shall have a maximum of five (5) members including three (3) shareholder representatives and two (2) Non-Executive directors.

In accordance with Section 404(6) of CAMA 2020, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the AGM. The SEC Corporate Governance Guidelines of the Securities and Exchange Commission indicates that some of the members of the SAC Committee should have basic financial literacy and be knowledgeable in internal control processes.

The statutory duties and role of the SAC are enumerated in Section 404 (4) and (7) of CAMA 2020 to include the following:

- I. Examine the auditor's report and make recommendations thereon to the annual general meeting as it may deem fit.
- II. Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

INFORMATION GUIDE FOR THE 62ND ANNUAL GENERAL MEETING (CONT'D)

- III. Review the scope and planning of audit requirements;
- IV. Review the findings on management matters in conjunction with the external auditor and departmental responses thereon (Management Letter);
- V. Keep under review the effectiveness of the Company's system of accounting and internal control;
- VI. Make recommendations to the Board on the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that there is no conflict of interest that could impair the independent judgment of the external auditors;
- VII. Authorize the Internal Auditor to carry out investigations into any activity of the Company which may be of interest or concern to the committee; and
- VIII. Assist in the oversight of the integrity of the Company's financial statements and establish and develop the internal audit function.

At the meeting, there will be an election to elect three shareholder representatives to serve on the SAC for the 2021 financial year.

In addition to the three representatives of the shareholders to be elected at the meeting, the following two members of the Board who are not subject to elections, are being proposed as the two designated Board members of the SAC for the 2021 financial year;

1. Mrs Ogechi Iheanacho
2. Mr. Kunle Olowokande

We urge you to vote in support of the motion to vote the elected shareholder representatives and Board nominees to serve on the Statutory Audit Committee for the current financial year.

7. RESOLUTION TO APPROVE THE RENEWAL OF GENERAL MANDATE ON RECURRING RELATED PARTY TRANSACTION Resolution

"That, in compliance with the Rules of the Nigerian Exchange Limited governing transactions with Related Parties or Interested Persons, the Company be and are hereby granted a General Mandate in respect of all recurrent transactions entered into with a related party or interested person provided such transactions are of a revenue or trading nature or are necessary for the Company's day-to-day operations. This Mandate shall commence on the date on which this resolution is passed and shall continue to operate until the date on which the next Annual General Meeting of the Company is held"

Rationale

Rule 20.8 of the Nigerian Exchange Limited (NGX)'s General Mandate provides that an ordinary resolution may be passed by shareholders which will grant the Board and Management the authority to enter into recurrent related party transactions of revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

Shareholders are therefore urged to vote in support of the resolution above.

8. Resolution to Reduce the Share Capital and Amend the Memart Accordingly. Resolution(s)

- 8.1. ***'That pursuant to Section 131 and other applicable provisions, if any, of the Companies and Allied Matters Act 2020 (CAMA), Section 13 of the Companies Regulations 2021, and Article 47 of the Articles of Association of the Company, the authorized share capital of the Company be and is hereby reduced from NGN400,000,000 (Four Hundred Million Naira only) divided into 800,000,000 ordinary shares of 50k each to NGN144,911,724 (One Hundred and Forty-Four Million, Nine Hundred and Eleven Thousand, Seven Hundred and Twenty Four Naira) divided into 289,823,448 Ordinary Shares of 50k each by canceling 510,176,552 ordinary shares of 50k each, which have not been issued'.***

INFORMATION GUIDE FOR THE 62ND ANNUAL GENERAL MEETING (CONT'D)

- 8.2. **'That pursuant to section 124 of CAMA, the Company be and is hereby authorized to take all steps necessary to ensure that the Memorandum and Articles of Association of the Company are altered to comply with Resolution 9(i) above, including replacing the provision(s) on the authorized share capital with the issued share capital, including but not limited to Clause 6 of the Memorandum of Association of the Company be which shall be amended and substituted with the following:**

'The Share Capital of the Company is NGN144,911,724 (One Hundred and Forty-Four Million, Nine Hundred and Eleven Thousand, Seven Hundred and Twenty-Four Naira) divided into 289,823,448 Ordinary Shares of 50k each.

- 8.3. **That the Board be authorized to take all necessary, legal, and incidental steps to give effect to Resolutions 8.1 and 8.2 above, including but not limited to carrying out, any actions as may be necessary to comply with any legislation, execute agreements, and any other document(s), appoint such professional parties, consultants and advisers, filing the resolution with the Court and other relevant regulatory agencies, and paying all requisite fees in this regard.**

Rationale

In line with the provisions of Companies Regulations 2021, and the Companies and Allied Matters Act (CAMA) 2020, the Company has until December 31, 2022, to adopt an Issued Share Capital rather than an Authorized Share Capital structure. The Company has decided to reduce the Authorized Share Capital by cancelling the unissued shares. Section 131(1) of the Companies and Allied Matters Act 2020 (CAMA), provides that a company having a share capital may if so authorized by its articles, by special resolution reduce its share capital in any way. Article 47 of the Articles of Association permits the company to reduce its share capital by a special resolution.

The leading resolution and sub-resolutions are therefore being proposed to regularize the Company's share capital in line with Corporate Affairs Commission CAC regulations and for the Memorandum and Articles of the Company to be amended accordingly.

We urge you to vote in support of the resolution to reduce the Company's Authorized Share Capital in line with the requirements of the CAC.

9. RESOLUTION TO AMEND THE COMPANY'S ARTICLES OF ASSOCIATION

9.1. Resolution

That Article 48 be reworded to read as follows:

"The Company shall in each calendar year, hold a general meeting as its Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it; and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next.

The Annual General Meeting shall be held at such place and time as the Directors shall appoint. The Company may hold a virtual, hybrid (combination of virtual and limited physical presence) or a proxy general meeting, where it will be impossible to hold a normal general meeting due to government laws, policies, regulations, pandemic, or other related reasons."

Rationale

As a result of unforeseen circumstances that have made it expedient to hold virtual and hybrid meetings, it has become necessary that the company is permitted by its Articles of Association to hold virtual and hybrid meetings where it will be impossible to hold a normal general meeting.

INFORMATION GUIDE FOR THE 62ND ANNUAL GENERAL MEETING (CONT'D)

We urge you to vote in support of the resolution to amend the Articles of Association to provide for the holding of virtual and hybrid general meetings hence the resolution.

9.2. Resolution

That Article 51 be amended by the creation of a new sub-Article 51 (c) to read as follows:

"© The Annual Reports and Accounts and/or other reports, documents and information relating to any business to be transacted at a General Meeting of the Company may be distributed or circulated electronically to members and persons entitled to receive them".

Rationale

With the increasing adoption of electronic means of circularizing information, this resolution is being sought to amend the Articles of Association to enable the electronic circularization of documents and information relating to those meetings. Additionally, subject to the circularization of these documents will reduce costs for the company and subsequently improve shareholder value in the long run.

We urge you to vote in support of the resolution to circulate reports, documents, and information relating to general meetings electronically.

9.3. Resolution

That Article 53 be reworded to read as follows:

'All businesses transacted at annual general meetings are deemed special business, except declaring a dividend, presentation of the financial statements and the reports of the directors and auditors, the election of directors in the place of those retiring, the appointment, fixing of the remuneration of the auditors, appointment of members of the audit committee and disclosure of remuneration of managers of a company, which are the ordinary business!'

Rationale

This resolution is being proposed to align with the provisions of CAMA 2020 which has now introduced the disclosure of the remuneration of Managers as one of the businesses to be discussed at the annual general meeting.

We, therefore, urge you to vote in support of this resolution.

9.4. Resolution

That Article 80 be reworded to read as follows:

'The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party. Provided that the amount for the time being remaining undischarged of money borrowed or secured by or on behalf of the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not at any time, exceed Five Hundred Million Naira, except with the approval of the general meeting.'

Rationale

The borrowing powers of the Board of Directors have been pegged as that of the share capital. However, when factored with inflation, the limit becomes diminutive for the sake of credit injection for the business. This is even more so with the reduction in share capital through the adoption of the Issued Share capital structure. Accordingly, the Articles are being amended to empower the Board to obtain credit to the tune of NGN500,000,000.

We, urge you to vote in support of this resolution.

DIRECTORS' REPORT

The Directors are pleased to present to the distinguished members this Annual Report, together with the Audited Financial Statements of the Company for the year ended 31 December 2021.

1. Legal status

The Company was incorporated in Nigeria as a Private Limited Liability Company on 9 January, 1959 and was converted to a public limited liability company in 1973. The Company's shares were quoted on the Nigerian Stock Exchange with effect from 14 March 1974.

2. Principal activities

The principal activities of the Company remained the manufacturing and marketing of paints and allied products. The Company also holds an investment property.

3. Operating results

Information relating to changes during the year is indicated in the notes to the financial statements. In the opinion of the Directors, the fair value of the Company's properties is not substantially less than the value shown in the Financial Statements. The summary of the results is as follows:

<i>In thousands of naira</i>	2021	2020
Revenue	4,964,796	3,837,582
Operating profit	199,544	194,951
Profit before minimum tax	190,761	211,850
Profit before income tax	178,089	210,903
Profit after tax	135,635	146,028
Total comprehensive income for the year	135,635	146,028

4. Dividend

The directors are pleased to recommend to shareholders the payment of a dividend of 40 kobo per share for the 2021 financial year which amounts to ₦115,929,379 subject, to the approval of the members at the Annual General Meeting (2020: ₦115,929,000 that is, 40 kobo per share). If approved, the dividend is payable less withholding tax to all members whose names appear in the Company's Register of Members as at the close of business on April 21, 2022.

5. Corporate Governance

Whistleblowing

The Board encourages the exposure of unethical practices and all reported cases are investigated while the whistle blower is protected. Our Whistle Blowing Policy is displayed throughout our premises and on our website. Berger Paints Nigeria Plc. conducts its business with integrity and diligence and with total consideration for the interest of the shareholders and other stakeholders.

Respect For Law

Berger Paints Nigeria Plc. ensures that its existence and operations remain within the law and its employees are required to comply with the laws and regulations of Nigeria. To this end, the Company has a Code of Ethics which is publicly available and subscribed to by directors, staff and contractors. The Company, being a listed Company strives to comply with all laws and regulations, including post-listing requirements of the Nigerian Stock Exchange and the Rules and Regulations of the Securities and Exchange Commission, as well as the SEC Corporate Governance Guidelines. To this end, returns were made periodically to the relevant regulatory authorities as and when due.

Role In The Larger Society

"Berger Paints Nigeria Plc. remains undisputedly, a leading paints manufacturer in this country, and as an integral part of the Nigerian society, the Company plays numerous roles. Apart from being a major employer of labour, Berger Paints is a

DIRECTORS' REPORT (CONT'D)

supplier, a partner as well as a willing and uncompromising taxpayer. In doing all these, the Company impacts on the society in no small way. The Company's relationship with the shareholders and stakeholders is cordial and objective."

Integrity

The Company strives to maintain the highest standards of integrity in its operations. Accordingly, the Company condemns, does not give nor receive directly or otherwise any bribes, gratifications or obtain improper advantages for any business or financial gains. It is our policy to avoid any situation that will impact negatively on our operations.

6. Board of directors

(i) Composition of the Board and Attendance at Meetings

During the year under review, the Company was managed by a Board of eight Directors consisting of three Independent Non-Executive Directors, four Non-Executive Directors (which included the Chairman) and one Executive Director (i.e. the Managing Director). The Board met seven (7) times in 2021. In compliance with Section 284(2) of the Companies and Allied Matters Act, 2020, the Record of Directors' attendance at Board meetings is exhibited for inspection at the meeting. It is summarized hereunder:

S/N	Name	27-Jan	26-Mar	20-Apr	22-Jun	29-Jul	28-Oct	10-Dec	No.(7)
1	Mr. Abi Ayida	P	P	P	P	P	P	P	7
2	Mr. Adekunle Olowokande	P	P	P	P	P	P	P	7
3	Mr. Raj Mangtani	P	P	P	P	P	P	P	7
4	Mrs Ogechi Iheanacho	P	P	P	P	P	P	P	7
5	Mrs Erejuwa Gbadebo	NYA	P	P	P	P	P	P	6
6	Chief Nelson Nweke	P	P	P	R	R	R	R	3
7	Chief Musa Danjuma	P	P	P	R	R	R	R	3
8	Mr Sanjay Datwani	P	A	A	R	R	R	R	1
6	Mrs Aisha Umar	NYA	P	P	A	P	P	P	5
7	Mr. Victor Olusegun Adeniji	NYA	P	P	P	P	P	P	6
8	Mr. Anjan Sircar	P	P	P	P	P	P	P	7

P - Present; NYA - Not Yet Appointed; R - Retired; A - Apology

(ii) Board Changes

"Appointment Process - The Board appointment process is guided by an ethical and transparent process in line with best practices and extant regulations. Directors are selected on the basis of skills, expertise and experience, among other considerations. The Board Establishment, Remuneration and Governance Committee is saddled with the responsibility of identifying, considering and recommending potential directors to the Board. Upon confirmation by the Board, they are thereafter presented to the shareholders for approval. During the year under review, Mrs Ogechi Iheanacho was appointed (wef January 2, 2021), whilst Mrs Erejuwa Gbadebo, Mrs Aisha Umar (wef January 27, 2021) and Mr Victor Olusegun Adeniji (wef February 16, 2021) were appointed as Independent Non Executive Directors to replace Chief Musa Danjuma, Chief Nelson Nweke and Mr Sanjay Datwani, who all retired at the 2021 Annual General Meeting. Adeyemi Adetomiwa (wef January 5, 2022) was appointed as Acting Managing Director to replace Anjay Sircar who resigned on 4 January, 2022. Victor Olusegun Adeniji, an independent Non-Executive Director also resigned on 9 March 2022."

(iii) Board Training

Directors have the opportunity to attend programs, relating to governance and business practices, as part of their continuing education. For the 2021 financial year, the directors attended the following trainings.

- Induction Program for New Directors - Institute of Directors – February, 2021.
- Training on "Understanding the Business" – Internal Faculty- November, 2021.

DIRECTORS' REPORT (CONT'D)

(iv) Directors retiring by rotation

The Directors retiring by rotation in accordance with the Companies and Allied Matters Act 2020 are Mrs Ogechi Iheanacho and Mr Raj Mangtani who, being eligible offer themselves for re-election.

(v) Directors' interest in shares as at 31 December 2021

The interests of each Director in the shares of the Company, as at 31st December 2021, as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 301 of the Companies and Allied Matters Act, 2020, and disclosed in accordance with the Listing Rules of Nigerian Stock Exchange are as stated below, along with the their interests in contracts:

Director	Direct 31 Dec, 21	Direct 31 Dec, 20	Indirect Interest 31 Dec, 21		Indirect Interest 31 Dec, 20		Interest in Contracts
Mr. Abi Ayida	625,601	625,601	Jurewa Investment	16,685,111	Jurewa Investment	16,685,111	None
			Alemaje and Company Limited	16,315,506	Alemaje and Company Limited	16,315,506	
Chief Musa Danjuma	-	3,442,372	-	-	Nil	-	None
Chief Nelson Nweke	-	234,320	-	-	Nil	-	None
Mrs Erejuwa Gbadebo	Nil	-	Nil	-	-	-	None
Mrs Ogechi Iheanacho	Nil	-	Nil	-	-	-	None
Mr. Raj Mangtani	Nil	Nil	Nil	-	Nil	-	Raw materials and product formulation, through Emychem Nigeria Ltd.
Engr. Patrick Buruche	-	504,294	-	-	Nil	-	None
Mrs Aisha Umar	Nil	-	Nil	-	-	-	None
Mr Victor Olusegun Adeniji	Nil	-	Nil	-	-	-	None
Mr. Adekunle Olowokande	197,965	197,965	Nil	-	Nil	-	None
Mr. Anjar Sircar	-	Nil	-	-	Nil	-	None

(vi) Directors' Responsibilities

Berger Paints is committed to the highest ethical standards and best practices. The Board actively monitors the operations of the Company and is also responsible for safeguarding the assets of the Company by taking reasonable steps for the prevention/detection of fraud and other irregularities. The Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year, and of the profit or loss for that year, in compliance with the Companies and Allied Matters Act, 2020. In so doing, the Directors ensure that:

- Proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and which ensure that Financial Statements comply with the requirements of the Companies and Allied Matters Act, 2020;
- Appropriate internal control procedures are established which, as far as is reasonably possible, safeguard the assets of the Company, prevent and detect fraud and other irregularities;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted, consistently applied and supported by reasonable judgments and estimates; and

DIRECTORS' REPORT (CONT'D)

- The financial statements are prepared on a going concern basis, unless it is presumed that the Company will not continue in business.

7. Board Committees

In alignment with extant codes of corporate governance, the Board Finance & General Purpose Committee, Board Establishment, Remuneration & Governance Committee and Board Audit, Strategy & Risk Management Committee were in operation as at December 31 2021. The Board worked through these Committees, all of which were guided by Charters containing their terms of reference. The terms of reference of the Committees are summarized below, in addition to the record of directors' attendance:

Board Committees – Terms of Reference/Attendance at Meetings

Finance & General Purposes Committee: Review of financial statements, and monitoring of financial plans.

The responsibilities of the Committee are to:

- 1 Consider and review the Company's financial performance, including significant capital allocations and expenditures.
- 2 Review debts owed to the Company and recovery efforts made by Management.
- 3 Review management accounts, forecasts and other financial statements.
- 4 Consider and review reports from the Management on stock of raw materials and finished products and strategies to keep these within approved limits.
- 5 Review, endorse and recommend for Board approval, the establishment and review of investment policy and procedure.
- 6 Consider and review reports on the Company's investments and ensure that all investment activities are guided by the investment policy.
- 7 Oversee the administration, effectiveness and compliance with the company's investment policies through the review of the processes and report to the Board on recommendations of the Management on placement proposals.
- 8 Consider and review the annual budget and ensure that expenditure is within the approved budget.
- 9 Recommend for Board approval, the dividend policy, including nature and timing.
- 10 Ensure that an effective tax policy is implemented.
- 11 Handle other duties and responsibilities delegated to the Committee by the Board.

The schedule of attendance at the meetings of the Committee for the year are detailed below:

S/N	Name	18-Jan	12-Apr	20-Jul	22-Oct	No. (4)
1	Mr. Adekunle Olowokande (Chair)	P	P	P	P	4
2	Chief Nelson Nweke	P	P	R	R	2
3	Mr Raj Mangtani	NYA	NYA	P	P	2
4	Mrs Aisha Umar	NYA	NYA	A	P	1
5	Mr. Sanjay Datwani	P	A	R	R	1
6	Mrs Ogechi Iheanacho	P	P	NMM	NMM	2
7	Mr Anjan Sircar	P	P	P	P	4

P - Present;

R - Retired;

NYA - Not Yet Appointed;

NMM - No More Member

Establishment Remuneration & Governance Committee: The responsibilities of the Committee are to:

- 1 Review and recommend to the Board for approval, proposals on recruitment, promotion and employment termination of senior officers on Manager grade and above;
- 2 Consider and make recommendations to the Board for approval of disciplinary action to be carried out against senior officers from Manager grade and above;
- 3 Consider and make recommendations to the Board for approval on the organizational structure, remuneration policy and policies covering the evaluation, compensation and provision of benefits to employees and any other human capital issues;

DIRECTORS' REPORT (CONT'D)

- 4 Consider and make recommendations to the Board for approval on the Company's policy on Health and Safety at work and any proposed amendments;
- 5 Consider and make recommendations to the Board for approval on the Company's human resource strategies and compensation Policy.
- 6 Make recommendations to the Board regarding the remuneration, of the Board and its committees.
- 7 Assess the effectiveness of the corporate governance framework.
- 8 Consider and make recommendations to the Board on composition and the experience required by Board committee members, committee appointments and removal, operating structure, reporting and other Committee operational matters.
- 9 Consider and make recommendations to the Board on appointment and re-election of directors (including the CEO).
- 10 Ensure that all new directors receive a formal letter of appointment specifying their tenure, responsibilities, board committee involvement and other relevant details.
- 11 Ensure the Board composition includes at least three (3) Independent Directors.
- 12 Ensure that new directors receive a formal induction program to familiarize them with BPN's business, strategy and operations, enhance the discharge of their fiduciary duties, responsibilities, and understand their powers and potential liabilities.
- 13 Ensure the development and implementation of an annual training plan for continuous education of all Board members which will provide for periodic briefings on relevant laws and regulations to Board members.
- 14 Ensure adequate succession planning for Board of Directors and key management staff in BPN.
- 15 Review and make recommendations to the Board for approval of the terms and conditions of employment of company's staff, its staff handbook and any proposed amendment.
- 16 Ensure the performance evaluation of the CEO is performed by the Board on an annual basis and formal feedback provided to the CEO.
- 17 Nominate independent consultants to conduct annual review/appraisal of the performance of the Board and make recommendations to the Board in this regard. This review/appraisal should cover all aspects of the Board's structure, composition, responsibilities, individual competencies, board operations, board's role in strategy setting, oversight over corporate culture, monitoring role and evaluation of management performance and stewardship to shareholders.

The schedule of attendance at the meetings of the Committee for the year are detailed below:

S/N	Name	18-Jan	15-Feb	12-Apr	13-Jul	22-Oct	No. (5)
1	Mrs Erejuwa Gbadebo (Chair)	NYA	NYA	NYA	P	P	2
2	Chief Nelson Nweke	P	P	P	R	R	3
3	Mrs Ogechi Iheanacho	N/A	N/A	N/A	P	P	2
4	Mrs Aisha Umar	N/A	P	P	A	P	3
5	Chief Musa Danjuma	P	P	P	R	R	3
6	Mr. Raj Mangtani	P	P	P	P	P	5
7	Mr. Adekunle Olowokande	P	P	P	NMM	NMM	3

P - Present; R - Retired; NYA - Not Yet Appointed; NMM - No More Member; A - Apology

Audit, Strategy & Risk Management Committee: The responsibilities of the Committee are to:

- 1 Review the audited and unaudited accounts of the Company. It shall also be responsible for overseeing the Company's long term strategy, risks.
- 2 Consider reports from the Internal Auditor and making recommendations to the Board on the internal control framework.
- 3 Review and monitor the Company's strategic plan to ensure viability and appropriate milestones.
- 4 Consider the viability of all major strategic initiatives and investments.
- 5 Review and monitor the Company's strategic plan to ensure viability and appropriate milestones.

DIRECTORS' REPORT (CONT'D)

- 6 Consider the viability of all major strategic initiatives and investments.
- 7 Monitor changes and trends in the business environment.
- 8 Review the adequacy and effectiveness of risk management and controls.
- 9 Evaluate and Assess the Company's risk management framework, including Management's process for the identification, prevention and reporting of significant risks.
- 10 Review the Company's compliance level with laws and regulatory requirements that may impact the company's risk profile.
- 11 Review the policy framework and ensure that the appropriate policies are in place.
- 12 To drive engagements with key stakeholders
- 13 Perform such other duties and responsibilities delegated to the Committee by the Board.
- 14 Develop the Company's Corporate Social Responsibility policy.
- 15 Constructively challenge Management's assumptions and contribute to the development of the Group's strategy and performance objectives.
- 16 Understand, identify and discuss with management the key issues, assumptions, risks and opportunities relating to the development and implementation of the company's strategic thrusts.
- 17 Arrange an annual strategy retreat for the Board and management, ensuring that the Board retains sufficient knowledge of BPN's businesses in order to provide strategic input and identify any critical strategic discontinuities in management's assumptions and planning premises.
- 18 Review the resources made available by Management including business plans and financial, operational and human resources required to implement the agreed strategy.
- 19 Critically evaluate and make recommendations to the Board for approval of BPN's business strategy, at least annually.
- 20 Periodically engage Management on informal dialogue and act as a sounding Board on strategic issues.
- 21 Regularly review strategic planning and implementation monitoring process.
- 22 Review and make recommendations to the Board for the approval of the Group's organizational structure and any proposed amendments.

The schedule of attendance at the meetings of the Committee for the year are detailed below:

S/N	Name	19-Jan	22-Mar	14-Apr	15-Jul	21-Oct	No. (5)
1	Mrs Ogechi Iheanacho (Chair)	P	P	P	P	P	5
2	Mr. Raj Mangtani	P	P	P	NMM	NMM	3
3	Mr Sanjay Datwani	A	A	A	R	R	0
4	Mrs Erejuwa Gbadebo	NYA	P	P	P	P	4
5	Mr. Kunle Olowokande	P	P	P	P	P	5
6	Mr Victor Olusegun Adeniji	NYA	P	P	P	P	4

P - Present; R - Retired; NYA - Not Yet Appointed; NMM - No More Member; A - Apology

8. Statutory Audit committee

Within the year under review, the Audit Committee comprised of three non-executive directors and three shareholders' representatives. The Committee, in the conduct of its affairs as stipulated in Section 404 of the Companies and Allied Matters Act (CAMA), 2020, reviewed the overall risk management and control systems, as well as financial reporting procedures and standards of business conduct of the Company. In the performance of their duties, the members had direct access to both the Internal Auditors and the External Auditors. The Committee met 4 times in 2021 as detailed below. The schedule of attendance at the meetings of the Committee for the year are detailed below:

DIRECTORS' REPORT (CONT'D)

S/N	Name	19-Mar-21	26-Jul-21	26-Oct-21	7-Dec-21	No. (4)
1	Mr. Chibuzor Eke (Chairman)	P	P	P	P	4
2	Mrs. Mary Shofolahan	P	P	P	P	4
3	Mr. Taiwo Afinju	P	P	P	P	4
4	Chief Musa Danjuma	P	R	R	R	1
5	Chief Nelson Nweke	P	R	R	R	1
6	Mr. Victor Olusegun Adeniji	NYA	P	P	P	3
7	Mrs. Ogechi Iheanacho	NYA	P	P	P	3

P - Present; R - Retired; NYA - Not Yet Appointed; NMM - No More Member; A - Apology

9. Donations and gifts

In compliance with Section 43 (2) of the Companies & Allied Matters Act (CAMA), 2020, the Company did not make any donations to any political party, political association or for any political purpose during the year under review. Donations made during the year amounted to ₦1.34 million (2020: ₦2.77 million) as shown below:

Beneficiary	Purpose	2021
<i>In thousands of naira</i>		
Heart of Gold Children Hospice (Surulere)	Donation of Food Items/Provision	500,000
Nigerian Red Cross Society Health Care Centre (Makoko, Yaba)	Donation of Paints & Application	842,490
Total		1,342,490

10. Quality policy and innovation

Berger Paints remains a forward-looking organization, which places premium on quality products. The Company is committed to improving quality through the use of identified processes, which are constantly monitored to meet approved international and local standards. These carefully monitored processes make it imperative that only high quality paints are produced and marketed by the Company. In recognition of the above, the Company was awarded the latest International Standard Certification ISO 9001:2015.

11. Risk Management Policy

There is an effective internal audit function, in addition to which the risk management control and compliance system operates efficiently. An Enterprise Risk Management Framework has been approved by the Board and implemented by Management. The objectives of the company's risk management policy are;

- Maximising the benefits from new opportunities, challenges and initiatives
- Avoiding damage to the Company's reputation
- Taking appropriate risks for appropriate returns while improving shareholders' value
- Prioritising effectively between different risks
- Demonstrating good corporate governance by managing our risks effectively

12. Safety and Environmental Policy

Health & Safety

The safety of our employees is a priority. The Company has taken every precaution to provide a safe workplace and there is a zero tolerance policy for workplace violence. Our operations and procedures are regularly certified by both state and federal regulatory agencies. Accidents are investigated, and corrective actions put in place to forestall future occurrences. The Company has developed a number of policies to promote safety and minimize accidents in the workplace, and it ensures the safety of its staff and visitors through various means including:

- Ensuring that plant equipment are adequately maintained to prevent accidents.
- Using up to date methods to control hazards inherent in our operations.
- Providing personal protective equipment and enforcing its usage
- Ensuring that safe work procedures are followed
- Ensuring that jobs are awarded only to contractors with laudable safety performances

DIRECTORS' REPORT (CONT'D)

- Ensuring that the working environment is clean, tidy and conducive
- Implementing an effective emergency management program so as to minimize adverse impact on human and the environment, in case of emergencies; and
- Continuously training employees to create safety consciousness.

Sustainability

Part of the fulfilment of our environmental friendliness practice is to conduct a periodic environmental audit to monitor the significant environmental aspects of our operations and put in place controls that will minimize or eliminate their adverse impact on the environment. The Company also complies with all environmental laws and strives to minimize environmental impact associated with our activities through:

- The use of modern technology and expertise to reduce environmental pollution
- Conservation of resources in a cost effective manner
- The proper disposal or recycle of waste; and
- The assessment of the adverse impact of our raw materials or new products on both humans and the environment.

Wellbeing, diversity and other human resource policies

The Company's policy on managing diversity recognizes that there are differences among employees and that harnessing these differences create a productive environment in which everyone feels valued, their talents utilized and organizational goals met. We have also created an enabling environment where patterns of thinking are nurtured as a way of developing our employees as agents of change. Berger Paints Nigeria Plc. is committed to providing employment for people with physical challenges who are able to work. As at the end of the year, there was no physically challenged person in the employment of Berger Paints Nigeria Plc (2020: Nil)

We also have a policy on HIV/AIDS and other serious diseases which aims to reassure employees that AIDS is not spread through casual contact during normal work practices and also to reduce unrealistic fears about contacting the certain diseases in the work place.

The Company is fully compliant with the provisions of the revised Pension Reform Act, 2014. Berger Paints staff enjoy highly subsidized meals served in a hygienically maintained canteen. The Company believes that productivity emanates from a healthy mind in a healthy body.

13. Berger Business Partners

The Company has numerous business partners and dealers all over the country who have contributed to the turnover and to whom the Company remains grateful. Our Berger Business Partners are detailed in the Annual Report.

Suppliers

Overseas: The bulk of overseas purchases of raw materials were made from:

- 1 Lewis Berger Intl. Supplies Ltd (United Kingdom)
- 2 Suojanya Color PVT Ltd

Local: In addition, local purchases were made from the following indigenous companies:

- | | | | |
|---|--------------------------------------|----|----------------------------|
| 1 | Amoke Oluwo & Sons | 23 | Nycil Ltd. |
| 2 | Avery Nigeria Limited | 24 | Onokeno Business Venture |
| 3 | Avon Crowncaps & Containers Nig. Plc | 25 | Orkila Chemicals Limited |
| 4 | Carose Nigeria Limited | 26 | Phobica Chemicals Ltd. |
| 5 | Chizzy Nig Ltd. | 27 | Regatta Industries Ltd. |
| 6 | Cormat Nig Ltd. | 28 | Remfemlaby Nig Enterprises |
| 7 | Dafe Industries Ltd. | 29 | Robinson Ventures Ltd. |
| 8 | Didoboss International Company | 30 | Samking Chemical Ltd. |

DIRECTORS' REPORT (CONT'D)

9	Emychem Nigeria Limited	31	Shokay Resource Ventures
10	Eurobridge Ind. Ltd.	32	Somaluck Chemical & Products Venture
11	Falcon Chemicals Ltd.	33	Sowis Energy Limited
12	Festo-Chem Ventures	34	Sudunni Nig Ltd.
13	Glister Success Ltd.	35	The Freedom Group Ltd.
14	Jo-Noble Chem. Ltd.	36	Trisa Nig. Ltd.
15	Lexcel Products & Packaging Ltd.	37	Wahum Pkg Ltd.
16	Logata Point Services Limited	38	Whitex Industries (Nigeria) Limited
17	Mathsix Mega Investment Ltd.	39	Yadell Global Ventures
18	Melvyn Nickson Nigeria Limited	40	Zadema Ventures
19	Metoxide (Nigeria) Ltd.		
20	Nagode Industries Ltd.		
21	Nampak Nig. Plc		

14. Independent Auditor

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as independent auditors to the Company. In accordance with section 401(2) of the Companies and Allied Matters Act (CAMA), 2020 therefore, the auditor will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

15. Compliance with Regulatory Requirements & Company Policies

The Company in the year under review did not contravene the rules of any of the regulatory authorities and did not receive any sanctions. The Company has adopted a policy regulating the procedure for handling shareholders' complaints, as well as a policy on trading in the Company's shares. These can be found on the Company's website at www.bergerpaintsnig.com.

16. Responsibility for Accuracy of Information

Pursuant to Article 2.2.4 of the Amended Listing Rules 2015 of the Nigerian Stock Exchange, the directors accept responsibility for the accuracy of the information contained in this report.

17. Subsequent Events

On 25 March 2022, a dividend of 40 kobo per share was proposed by the directors for approval at the Annual General Meeting. There were no events after the reporting date that could have had a material effect on the consolidated and separate financial statements that have not been provided for or disclosed in these financial statements.

BY ORDER OF THE BOARD



Ayokunle Ayoko

Company Secretary/Legal Adviser

March 25, 2022

FRC/2015/NBA/00000013900

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2021

Berger Paints Nigeria Plc. (BPN) maintains the highest standards of Corporate Governance and best practices within the paints manufacturing industry. The Board of Directors ensures that best governance practices and ethical dealings are distilled across the company's operations and business hierarchy by demonstrating the appropriate 'tone at the top' in its approach to governance.

Compliance with Codes of Corporate Governance

During the period under review, the Directors, Management Team, and employees complied with the Securities and Exchange Commission (SEC) issued SEC Corporate Governance Guidelines for public companies, the Nigerian SEC Corporate Governance Guidelines (NCCG) 2018, Rulebook and Listing Rules of the Nigerian Exchange.

Shareholding

BPN has a diverse shareholding structure with no single ultimate individual shareholder holding up to 20% of the Company's total shares.

Board of Directors

The Board is responsible for the oversight of the business, risks, long-term strategy, and objectives, while evaluating and directing the implementation of Company controls and procedures including, in particular, maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets.

It also ensures that good Corporate Governance processes and best practices are implemented.

The Board is comprised of persons of diverse discipline and skills, chosen on the basis of professional background and expertise, business experience and integrity as well as knowledge of BPN's business. Directors are fully abreast of their responsibilities and knowledgeable in the business and are therefore able to exercise good judgment on issues.

The Board and Board Committees have respective Charters regulating their operations. Each board committee, through its charters ensures adequate systems; policies, and procedures that are put in place to safeguard the assets and investment of the company

Board Composition

The Board is currently made up of a Non-Executive Chairman, three (3) Non-Executive Directors, and two (2) Independent Non-Executive Directors.

The Ag. MD/CEO is responsible for the day-to-day running of the Company assisted by the Management Committee.

The members of the Board are free from any restraints which may influence them from performing their duties as required of them by law.

Distinct roles of Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separate and not combined in one individual, this is in conformance with good corporate governance practices. The Chairman provides leadership to the Board to ensure that it operates effectively. The Chairman also facilitates the contribution of Directors and promotes effective relationships and open communications between Directors.

The Ag. Managing Director/Chief Executive Officer, on the other hand, is responsible for the day-to-day management of the business. Nonetheless, the Board regularly reviews the Company's financial performance, matters of strategic concern, and any other matter it regards as material.

Induction and continuous training

Upon appointment to the Board, Directors receive an induction tailored to meet their individual requirements. The induction may include meetings with senior management and operations staff, to assist Directors in acquiring a detailed understanding of the Company's operations by conducting them round the company's operating facilities, including an insight into how much priority

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2021

has been placed on health and safety by the company, to introduce them to their fiduciary duties and responsibilities, amongst others.

The Company attaches great importance to training its Directors and for this purpose, continuously offers training and education to its Directors to enhance their performance on the Board and the various Committees to which they belong. Within the year under review, two induction programs were undertaken for newly appointed directors.

The Board Establishment, Remuneration, and Governance Committee is responsible for developing continuing education programs to ensure that directors stay updated and conversant with industry requirements, corporate governance practices, and the company's business and objectives.

Performance evaluation process

A formal assessment process is undertaken by external consultants and supervised by the Board Establishment, Remuneration and Governance Committee, to assess the performance of Board Committees and the full Board individually and collectively. This process is designed to assess their effectiveness and identify areas requiring improvement. Report of the evaluation exercise is made to the full board and recommendations implemented where applicable.

Non-Executive Directors

The Company's policy on remuneration of Non-Executive Directors is guided by the provision of the SEC and NCCG Codes which stipulates that Non-Executive Directors' remuneration should be limited to sitting allowances, Directors' fees, and reimbursable expenses.

Directors may also be sponsored for training programs that may enhance their duties to the Company.

Senior Management/Executive Directors Remuneration Policy

The Company's Director Remuneration policy is structured taking into account the environment in which it operates and the prevailing industry standard. It includes the following elements:

- Fixed remuneration, taking into account the competitiveness of remuneration paid for equivalent posts in similar manufacturing companies in Nigeria.
- Variable annual remuneration subject to achieving specific quantifiable targets.

Whistle Blowing Procedure

The Company has a whistle-blowing procedure that ensures anonymity for whistle-blowers. The Company has contact details on its website, provided for the purpose of whistle-blowing. All reports are investigated and necessary sanctions are applied for breaches.

Regulatory Infractions

For the 2021 financial year, no regulatory infraction was recorded.

Communication with Stakeholders

The Company ensures open communication with stakeholders and major developments are constantly and immediately disclosed to the market and stakeholders through the Issuers Portal of the Nigerian Exchange Limited (NGX).

The Company also ensures that complaints received from shareholders are dealt with promptly with the assistance of the Company's Registrars and details entered into the company's electronic complaint management register.

Access to Independent Professional Advice

The Board is authorized to act at the company's expense and, obtain independent/professional advice from expert as required in the discharge of their responsibilities subject to due approvals. This option was exercised at different times during the 2021 financial year.

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2021

BOARD COMMITTEES

Finance & General Purposes Committee:



MR KUNLE OLOWOKANDE

*Chair, Finance and
General Purpose Committee*

The Finance and General Purpose Committee is primarily tasked with the responsibility of making recommendations to the Board on the Company's overall financial performance, capital and operating expenditures, investments proposal and placement of funds proposals as referred to it by the Management Committee.

More specifically, some of the Committee's responsibilities as outlined in its Charter are to:

Responsibilities of the Committee

- Consider and review the Company's financial performance, including significant capital allocations and expenditures.
- Review debts owed to the Company and recovery efforts made by Management.
- Review management accounts, forecasts and other financial statements.
- Consider and review reports from the Management on stock of raw materials and finished products and strategies to keep these within approved limits.
- Review, endorse and recommend for Board approval, the establishment and review of investment policy and procedure.
- Consider and review reports on the Company's investments and ensure that all investment activities are guided by the investment policy.
- Oversee the administration, effectiveness and compliance with the company's investment policies through the review of the processes and report to the Board on recommendations of the Management on placement proposals.
- Consider and review the annual budget and ensure that expenditure is within the approved budget.
- Recommend the dividend policy, including nature and timing.
- Ensure that an effective tax policy is implemented.
- Handle other duties and responsibilities delegated to the Committee by the Board.

Composition

- The membership and tenure of the Committee are determined by the Board and guided by the Committee's Charter. The Charter stipulates that the Committee shall comprise members with balanced views, knowledge of credit, investment, finance, and general management or entrepreneurial experience with at least one (1) member possessing deep knowledge of finance and investment matters. Specifically, the Committee members shall be consisted of the following
- The Managing Director and/or an Executive Director
- At least two Non-Executive Directors

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2021



MRS. EREJUWA GBADEBO
*Chair, Establishment Remuneration
 & Governance Committee*

Establishment, Remuneration & Governance Committee:

The Establishment, Remuneration & Governance Committee is tasked with the responsibility of making recommendations to the Board on recruitment, compensation, benefits, promotions, and disciplinary issues affecting senior officers of the company on Manager grade and above.

The Committee also considers the nomination of new directors to the Board, succession planning for key positions on the Board and Management, training of directors, recommending director's remuneration, and overseeing board performance. Additionally, the Committee oversees the development of an appropriate corporate governance framework for the Company and ensures compliance with extant Codes of corporate governance.

Specifically, some of the Committee's responsibilities as outlined in its Charter are as follows:

Responsibilities

- Review the recruitment, promotion, employment, and termination of senior officers on Manager grade and above;
- Consider disciplinary action to be carried out against senior officers from Manager grade and above;
- Review organizational structure, remuneration policy, and policies covering the evaluation, compensation, and provision of benefits to employees and any other human capital issues;
- Make recommendations to the Board regarding the remuneration, of the Board and its committees.
- Oversee compliance with the corporate governance framework.
- Review of composition and the experience required by Board committee members, committee appointments and removal, operating structure, reporting, and other Committee operational matters.
- Consider and make recommendations to the Board on the appointment and re-election of directors (including the CEO).
- Ensure that all new directors receive a formal letter of appointment specifying their tenure, responsibilities, board committee involvement, and other relevant details.
- Ensure the Board composition includes at least one (1) independent director.
- Ensure that new directors receive a formal induction program.
- Ensure the development and implementation of an annual training plan for continuous education of all Board members which will provide for periodic briefings on relevant laws and regulations to Board members.
- Ensure adequate succession planning for the Board of Directors and key management staff in BPN.
- Review and make recommendations to the Board for approval of the terms and conditions of employment the of company's staff, its staff handbook, and any proposed amendment.
- Nominate independent consultants to conduct an annual review/appraisal of the performance of the Board and make recommendations to the Board in this regard. This review/appraisal should cover all aspects of the Board's structure, composition, responsibilities, individual competencies, board operations, board's role in strategy setting, oversight over corporate culture, monitoring role, and evaluation of management performance and stewardship to shareholders.

Composition

The membership and tenure of the Committee are determined by the Board and guided by the Committee's Charter. The Charter stipulates that the Committee shall comprise members with good knowledge of Governance and at least one member with Human Resources Experience.

Specifically, the composition shall include:

- One Independent Non-Executive Director who shall be the Chairman of the Committee; and
- At least two Non-Executive Directors.

The Managing Director or Executive Director (s) are precluded from being members of this Committee but may be invited to attend from time to time.

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2021



MRS. OGECHI IHEANACHO
*Chair, Board Audit, Strategy &
 Risk Management Committee:*

Board Audit, Strategy & Risk Management Committee:

The Board Audit, Strategy & Risk Management Committee is tasked with the responsibility of making recommendations to the Board on the Company's long term strategy, risks, and opportunities relating to the strategy, identification, evaluation and mitigation of risks and monitoring of the strategy and risk management framework of the Company.

Some of the Committee's specific responsibilities shall be to:

Responsibilities of the Committee

- Review and monitor the Company's strategic plan, initiatives and investments.
- Monitor changes and trends in the business environment.
- Review the adequacy and effectiveness of risk management and controls.
- Evaluate and Assess the Company's risk management framework, including Management's process for the identification, prevention and reporting of significant risks.
- Review the Company's compliance level with laws and regulatory requirements that may impact the company's risk profile.
- Review the policy framework and ensure that the appropriate policies are in place.
- Develop the Company's Corporate Social Responsibility policy.
- Understand, identify and discuss with management the key issues, assumptions, risks and opportunities relating to the development and implementation of the company's strategic thrusts.
- Arrange an annual strategy retreat for the Board and management, ensuring that the Board retains sufficient knowledge of BPN's businesses in order to provide strategic input and identify any critical strategic discontinuities in management's assumptions and planning premises.
- Review the resources made available by Management including business plans and financial, operational, and human resources required to implement the agreed strategy.
- Regularly review strategic planning and implementation monitoring process.

Composition of the Committee

The membership and tenure of the Committee are determined by the Board and guided by the Committee's Charter. The Charter stipulates that the Committee shall comprise members representing balanced views, knowledge of Risk Management, and Strategic Planning experience. At least one (1) member should possess deep knowledge of Risk Management and Strategic Planning matters.

Specifically, the composition shall include:

- An Independent Non Executive Director
- At least two Non-Executive Directors.

CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2021



MR. CHIBUZOR EKE

Chairman, Statutory Audit Committee

Statutory Audit Committee

In accordance with the provisions of section 404 (4) of the CAMA 2020, all public companies are mandated to have Statutory Audit Committees (SAC) to ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

Responsibilities of the Committee

The Committee, guided by Section 404 (6) of CAMA 2020, reviews the overall risk management and control systems, as well as financial reporting procedures and standards of business conduct of the Company. In the performance of their duties, the members have direct access to both the Internal Auditors and the External Auditors.

In line with the provisions of CAMA 2020, the Committee's responsibilities shall be to:

- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical policies.
- Review the scope and planning of audit by the external auditors including identified risk areas, relevance of audit plan to audit approach, and reporting timetable.
- Review the effectiveness of the Company's system of accounting and internal control.
- Review the statutory auditors' management letter and ensure the adequacy of the Management's response;
- Make recommendations to the Board with regard to the appointment, removal and remuneration of the statutory auditors of the Company;
- Authorize the internal auditor to carry out an investigation into any activities of the Company which may be of interest or concern to the Committee;
- Review the integrity of the Company's financial reporting and oversee the independence and objectivity of the external auditors; and
- All such other matters as are reserved to the Audit Committee by CAMA 2020 and the provisions of the SEC SEC Corporate Governance Guidelines.

Composition

The composition is guided by CAMA which stipulates that the Committee shall have three (3) Shareholder Representatives and two (2) Non-Executive Directors. The SEC Corporate Governance Guidelines of the Securities and Exchange Commission indicates that some of the members of the Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

The membership of the Committee is subject to shareholder approval annually.



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STATEMENT OF COMPLIANCE WITH REGULATIONS

STATEMENT OF COMPLIANCE WITH THE NIGERIAN EXCHANGE LIMITED (NGX) LISTING RULES ON SECURITIES TRADING POLICY

In line with Section 14.4 of the Nigerian Exchange Limited (NGX) Amendments to the Listing Rules (Rules), Berger Paints Nigeria Plc (BPN) has adopted a code of conduct regarding securities transactions by directors and it is in line with the required standard set out in the NGX Rules.

Having made specific enquiry of all directors regarding compliance with BPN's Securities Trading Policy (Policy), we hereby confirm to the best of our knowledge that the Board is compliant individually and collectively with the Policy and NGX Rules on Securities Trading.



Ayokunle Ayoko
FRC/2015/NBA/00000013900
Company Secretary/Legal Adviser



Abi Ayida
FRC/2019/IODN/00000019260
Chairman

STATEMENT OF COMPLIANCE WITH THE SEC CORPORATE GOVERNANCE GUIDELINES

In compliance with Section 34.7 of the SEC Corporate Governance Guidelines (SEC Guidelines), we hereby confirm to the best of our knowledge that Berger Paints Nigeria Plc. is in full compliance with the Code. We also confirm as follows:

1. Internal Audit functions exist in the company. Similarly, risk management and compliance systems are operating efficiently and effectively in all respects.
2. This report contains a report on the Company's sustainability initiatives as required under Section 28, Part D of the SEC Code.
3. Details and nature of related party transactions, are being monitored and included in the Annual Report.



Ayokunle Ayoko
FRC/2015/NBA/00000013900
Company Secretary/Legal Adviser



Abi Ayida
FRC/2019/IODN/00000019260
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2021

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the CAMA 2020 and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the CAMA 2020, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Abi Ayida (FRC/2019/IODN/00000019260)

Chairman

March 25, 2022



Adekunle Olowokande (FRC/2019/IODN/00000019259)

Director

March 25, 2022



STATEMENT OF CORPORATE RESPONSIBILITY

For the year ended 31 December 2021

Further to the provisions of section 405 of the CAMA 2020, we, the Managing Director and Chief financial Officer, hereby certify the financial statements of the Berger Paints Nigeria Plc for the year ended 31 December 2021 as follows:

- (a) That we have reviewed the audited Company's financial statements of the Company for the year ended 31 December 2021.
- (b) That the audited Company's financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- (c) That the audited Company's financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2021.
- (d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the companies, during the period end 31 December 2021.
- (e) That we have disclosed the following information to the Company's Auditors and Audit Committee:
 - (i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and
 - (ii) there is no fraud that involves management or other employees who have a significant role in the Company's internal control.

SIGNED ON BEHALF OF THE COMPANY BY:



Adekunle Olowokande (FRC/2019/IODN/00000019259)

Director

March 25, 2022



Pheobe Obi (FRC/2020/003/00000022016)

Chief Finance Officer

March 25, 2022

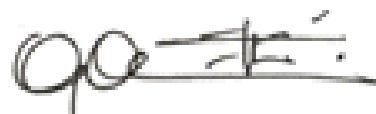
REPORT OF THE BOARD AUDIT, STRATEGY AND RISK MANAGEMENT COMMITTEE (BASRMC)

In compliance with the provisions of Principle 11.4.7.3 of the Nigerian SEC Corporate Governance Guidelines 2018 (Guidelines), we, the members of the Board Audit, Strategy and Risk Management Committee of Berger Paints Nigeria Plc., having carried out our audit oversight functions as provided in the Guidelines hereby report that:

1. A comprehensive internal control framework was developed for the Company,
2. The Committee obtained appropriate (internal and/or external) assurance in the discharge of its responsibilities.
3. Ensured the design and operating effectiveness of the Company's internal controls over the financial reporting systems are contained in this Report.
4. The Committee oversaw the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection, and reporting mechanisms are in place;
5. The Committee discussed the interim and annual audited financial statements as well as significant financial reporting findings and recommendations with management and external auditors prior to recommending same to the Board for consideration and appropriate action;
6. The Committee maintained oversight of financial and non-financial Reporting;
7. Reviewed and ensured that adequate whistle-blowing policies and procedures are in place and the issues reported through the whistle-blowing mechanism are summarized and presented to the board;
8. Reviewed with the external auditors, any audit scope limitations or significant matters encountered and management's responses to same;
9. Developed a policy on the nature, extent, and terms under which the external auditors may perform non-audit services;
10. The independence of the external auditors was preserved and no non-audit services were engaged;
11. Oversaw the development of a Related Party Transactions Policy and monitored its implementation by Management;
12. Held at least once a year, a discussion with the head of the internal audit function and the external auditors without the presence of management, to facilitate an exchange of views and concerns that may not be appropriate for open discussion.



Ayokunle Ayoko
Company Secretary/Legal Adviser



Ogechi Iheanacho
Chair, BASRMC

DCSL Corporate Services Limited

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Ilupeju, Lagos

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RC NO. 352393

6th April 2022

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS OF BERGER PAINTS NIGERIA PLC FOR THE YEAR ENDED DECEMBER 31, 2021.

DCSL Corporate Services Limited (DCSL) was engaged by Berger Paints Nigeria Plc ("Berger Paints") to carry out a performance evaluation of the Board of Directors for the year-ended December 31, 2021, in line with the provisions of the Nigerian Code of Corporate Governance 2018 (NCCG), SEC Corporate Governance Guidelines (SCGG) and Companies and Allied Matters Act 2020 (CAMA), as well as global best practices on Corporate Governance.

The appraisal entailed a review of the Company's corporate and statutory documents, Minutes of Board and Committee meetings, policies and other ancillary documents made available to us and the administration of questionnaires to Directors.

To ascertain the extent of compliance with relevant corporate governance principles and appraise the performance of the Board, we benchmarked the Company's corporate governance structures, policies and processes against the above-mentioned Codes and regulations as well as global Best Practices and considered the following seven key corporate governance themes:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship; and
7. Transparency and Disclosure

The Board has the responsibility for putting in place adequate corporate governance structures and practices and approving policies that will ensure the Company carries on its business in accordance with its Memorandum and Articles of Association as well as in conformity with applicable laws, codes and regulations to guarantee sustainability. Upon the conclusion of the performance evaluation of the Board, we confirm that the Board and Company substantially complied with the provisions of the NCCG, SCGG and other applicable regulations.

Details of our key findings and recommendations are contained in our comprehensive Report.

Yours faithfully,

For: DCSL Corporate Services Ltd



Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

REPORT OF THE STATUTORY AUDIT COMMITTEE

In compliance with the provisions of Section 404 (4) of CAMA 2020, we, the members of the Statutory Audit Committee of Berger Paints Nigeria Plc., having carried out our statutory functions under the Act hereby report that:

1. The scope and planning of both the external and internal audit programs for the year ended 31st December 2021 were adequate in our opinion.
2. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices.
3. The systems of internal control were constantly and effectively monitored.
4. Having reviewed the External Auditors' findings and recommendations on Management matters, we are satisfied with Managements' response thereon.

Finally, we acknowledge the cooperation of Management in the conduct of these duties.

The members of the Audit Committee for the 2021 financial year were:

Members of the Committee

1	Mr. Chibuzor Eke	Shareholder Representative/Chairman
2	Mrs. Mary Joke Shofolahan	Shareholder Representative/Member
3	Mr. Taiwo Afinju	Shareholder Representative/Member
4	Mrs. Ogechi Iheanacho	Non-Executive Director/Member
5	Mr. Victor Olusegun Adeniji	Independent Non-Executive Director/Member

The Company Secretary /Legal Adviser, Mr. Ayokunle Ayoko served as the Secretary to the Committee.

Dated March 23, 2022

Mr. Chibuzor Eke
Chairman, Audit Committee
FRC/2013/NIMN/00000004670



2021 SUSTAINABILITY REPORT

Introduction

In line with section 302 (3) of the CAMA 2020 and Principle 26 of the Nigerian SEC Corporate Governance Guidelines 2018 on sustainability, every company is expected to pay adequate attention to sustainability issues including the environment, social, occupational, and community health and safety. These issues have grown in significance and are crucial in ensuring successful long-term business performance and contribution to national economic development.

Alignment with Sustainable Development Goals

The Sustainable Development Goals came at the nick of time for the world following several odysseys. The outbreak of the Covid 19 pandemic raised the urgency for the need to focus on the achievement of the goals towards a better world for all. Every individual irrespective of gender, religion, race, class, or creed has a stake together and Berger Paints Nigeria Plc (BPN) identifies with this philosophy as we are committed to preserving the green future.

1. Environmental Sustainability

In line with the Sustainable Development Goals of the United Nations and resolutions passed at the Conference of Parties (CoP26), part of the fulfillment of our environmental friendly practice is to conduct a periodic environmental audit to monitor the significant environmental aspects of our operations and put in place controls that will minimize or eliminate their adverse impact on the environment. The company also complies with all environmental laws and strives to minimize the environmental impact associated with our activities through;

- The use of modern technology and expertise to reduce environmental pollution
- Conservation of resources in a cost-effective manner
- The proper disposal or recycling of waste; and
- The assessment of the adverse impact of our raw materials or new products on both humans and the environment.

At BPN, we are intentional about our products by ensuring that the environment is at the epicenter of our production. While technology has over the years taken over some products which were not so suitable for environmental preservation, we have ensured that our products maintain the least hazards to health and the environment at large.



2. Health and Safety Policy

The safety of our employees is key and we at BPN take every precaution to provide a safe workplace where there is a zero-tolerance policy for workplace violence. Our operations and procedures are regularly certified by both state and federal regulatory agencies. Accidents are investigated, and corrective actions are put in place to forestall future occurrences.

The Company has developed a number of policies to promote safety and minimize accidents in the workplace, and it ensures the safety of its staff and visitors through various means including:

- Ensuring that plant equipment is adequately maintained to prevent accidents
- Using up to date methods to control hazards inherent in our operations
- Providing personal protective equipment and enforcing its usage
- Ensuring that safe work procedures are followed
- Ensuring that jobs are awarded only to contractors with laudable safety performance
- Ensuring that the working environment is clean, tidy, and conducive.
- Implementing an effective emergency management program so as to minimize adverse impact on humans and the environment, in case of emergencies; and
- Continuously training employees to create safety consciousness

2021 SUSTAINABILITY REPORT (CONT'D)

We have a duration of 8 working hours per day and in 2021, we recorded a sterling occupational safety profile of zero fatalities and zero environmental spills.

We also have an in-house canteen where heavily subsidized healthy, safe and nutritious meals are served. This helps to contribute to the well-being of one of our major stakeholder groups; our staff.



3. Decent Work

We have a robust policy on decent work which is geared towards fair and equitable terms and conditions of employment. The company's policy on managing diversity recognizes that there are differences among employees and that harnessing these differences creates a productive environment in which everyone feels valued, their talents utilized and organizational goals met. We have also created an enabling environment where patterns of thinking are nurtured as a way of developing our employees as agents of change. BPN is committed to providing employment for physically challenged persons.

BPN does not permit direct or indirect discrimination against any employee on the grounds of ethnicity, nationality, sex, sexual orientation, disability, religion, marital status, or age. The Company encourages equal opportunities as a human resources policy and in dealing with human resources issues, we encourage equity, fair play; learning, quality of life, and ethical operations among others.

The principle of Diversity is well appreciated at BPN. Our staff composition is well diverse and a diversity policy has been adopted by the Company. Our Board composition also reflects strong gender diversity with three female (3) directors out of a total of 6 Board members.

Partnership, Representation, and dialogue are encouraged through staff associations. Our Talent Management Policy and the Technical Sales Trainee Scheme are examples of a commitment to the continuous development of the skills and abilities of employees in order to maximize their contribution.

BPN has a fully funded and comprehensive health policy that covers not only members of the BPN family but their dependents as well, under a comprehensive plan with approved Health Management Organizations (HMO). In addition, we have an in-house clinic staffed by qualified personnel and conduct regular health and wellness talks for employees. In compliance with the requirements of the National Health Insurance Act, our employees are given the opportunity to choose a health provider nearest to their residence, for health-related matters outside the workplace.

The Company is fully compliant with the provisions of the revised Pension Reform Act, 2014. BPN Staff enjoy highly subsidized meals served in a hygienically maintained canteen. The Company believes that productivity emanated from a healthy mind in a healthy body.

In line with Section 40 of the 1999 Constitution of the Federal Republic of Nigeria on the right to freedom of association, we also accommodate the activities of trade unions without discrimination and we have been able to achieve industrial harmony over time.

2021 SUSTAINABILITY REPORT (CONT'D)



4. Corporate Social Responsibility

We at BPN adhere to the tenets of good corporate governance in which CSR plays a pivotal role.

BPN's Corporate Social Responsibility (CSR) policy refers to the company's sense of responsibility towards various groups affected by the company's activities; these groups include the community, society, customers, suppliers, employees, shareholders, and the environment.

4.1. Objectives

- The objectives of BPN Plc Corporate Social Responsibility (CSR) are as follows:
- Conduct business in a socially responsible and ethical manner
- Protect the environment where BPN operates
- Ensure the safety of staff/suppliers/vendors/partners/people
- Protect customers
- Support human rights.
- Engage, respect, and support host communities
- Support society and humanities

4.2. BPN CSR Pillars

- The following are BPN CSR Focus Areas:
- Education
- Health
- Charity
- Environment

BPN commits not less than 0.1% of her annual projected turnover to various CSR projects based on the BPN CSR Pillars.

- **Education** - We actively seek educational advancement projects such as school painting and beautification, volunteer teaching, building renovation, scholarship for students, factory excursions, and a painters' academy. This will cover professional and educational institutions.
- **Health** - We contribute to health institutions by supporting relevant projects such as paint donation, painting, and equipment donation. We sponsor community healthcare services within the host community by providing free medical consultation services and the provision of basic medication.
- **Charities** - We recognize that there are inner-city communities within our society as well as orphanages, old people's homes, and schools for the challenged. These segments of the community are usually supported.
- **Environment** - We contribute to a safe environment by providing and complimenting government activities through various environmental and socially impacting initiatives such as the provision of pedestrian crossings and other road marking signs. We initiate and actively participate in eco-safe initiatives.

BPN usually executes varied CSR projects annually with the details included in BPN's Annual Report and Accounts.

Each year, after consultation with stakeholders, we will review the organization's priority out of the Four Pillars.

2021 SUSTAINABILITY REPORT (CONT'D)



4.3. Taking The Lead

In 2021, BPN reaffirmed its commitment to its 4th Pillar of CSR on Charity.

BPN visited Heart of Gold Children, Hospital Surulere, and donated food items worth N500,000. The Nigerian Red Cross Society Health Care Center and Administrative Block were also repainted with the cost of N862,963.54.

With a sense of duty to act responsibly through our activities by ensuring that our business operations are friendly toward all stakeholders, we are encouraged to do more and poised to even better our current sustainability framework because we are excited as to what lies ahead in our green future agenda.



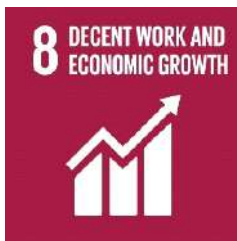
2021 SUSTAINABILITY REPORT (CONT'D)

5. Preserving The Green Future: Transitioning to Sustainability

In line with the global trend and a pertinent initiative of the Nigerian Exchange Limited (NGX), BPN is putting a framework and structure in place to drive Sustainability as a corporate direction. The broad thrusts shall be power reduction, waste reduction, and environment enhancement

BPN is committed to driving sustainability with an initial focus on the following:

- Reduction of electricity consumption by the adoption of low energy bulbs. Efforts have also commenced towards going green with power consumption with the adoption of energy-saving equipment. Almost full cut-over is expected within the 2022 financial year.
- Waste treatment - to ensure the effluent discharged is effectively treated and non-toxic.
- Water treatment - a phased plan will be set in motion for water treatment and recycling to improve water conservation
- Environmental - partnership with relevant government agencies in the beautification of the environment such as tree planting, landscaping, and painting.



6. Partnerships

Goal 17 on Partnership reflected through the Venn diagram symbolizes the inclusion of every stakeholder. BPN has numerous business partners and dealers all over the country who have contributed to the turnover and aligned themselves to the values BPN stands for. Since the outbreak of the coronavirus pandemic, BPN has been unable to organize any physical parley involving all its business partners. Nevertheless, we have consistently organized virtual meetings to engage our business partners so as to ensure that our values are uniformly driven. In 2021, we had a virtual meeting with our business partners because we understand what it means to work as a team.





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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Berger Paints Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berger Paints Nigeria Plc (the Company), which comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition

Revenue is the most significant item in the Statement of Profit or Loss and Other Comprehensive Income and impacts key performance indicators on which the Company and its Directors are assessed. Its significance makes revenue a matter of focus in our audit. Furthermore, the recognition and measurement of revenue from rendering painting services to customers requires the application of judgement by management in the estimation of the percentage of completion of individual contracts as at year end.

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Partners:

Adegoke A. Oyelami	Ayodale H. Othihiwa	Joseph O. Tegbe	Olanike I. James	Tayo I. Ogungbenro
Adokunle A. Elebute	Bolanle S. Afolabi	Kabir O. Okunola	Olufemi A. Babem	Termitope A. Onitiri
Adetola P. Adeyemi	Chibuzor N. Anyanedi	Lawrence C. Amadi	Olumide O. Olayinka	Tolulope A. Oduleke
Adewalé K. Ajayi	Chineme B. Nwigbo	Martins I. Arogie	Olusegun A. Sowande	Uzodinma G. Nwankwo
Ajibola O. Oromola	Elijah O. Oladunmoye	Mohammed M. Adama	Olutoyin I. Ogunlovo	Victor U. Onyenkpa
Akinyemi Ashade	Goodluck C. Obi	Nneka C. Eluma	Oluwatfemi O. Awotoye	
Ayobami L. Salami	Ibitomi M. Adepoju	Olabinpe S. Afolabi	Oluwatoyin A. Gbagi	
Ayodale A. Soyinka	Ijeoma T. Emezio-Ezigbo	Oladimeji I. Salaudeen	Oseme J. Obalajo	



How the matter was addressed in the audit

Our audit procedures included the following:

- evaluated the design, implementation and operating effectiveness of key controls established within the revenue process;
- selected a sample of revenue transactions using statistical sampling methods and agreed to invoices and waybills.
- assessed the accuracy of a sample of sales returns and rebates by checking them to supporting documentation such as approved credit notes to customers;
- challenged the Company's basis for recognition and measurement of revenue from contract services rendered to customers by recalculating the proportion of cost incurred relative to the total expected cost and;
- checked that for a sample of revenue transactions using statistical sampling methods occurring prior to, and immediately after the year end date, revenue was recognised in the appropriate period;

The Company's accounting policy and notes on revenue are shown in Notes 3(L) and 5 respectively of the accompanying financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Financial Highlights, Directors' Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility, Report of the Audit Committee and Other National Disclosures, which we obtained prior to the date of this auditor's report; but does not include the financial statements and our auditor's report thereon. Other information also includes financial and non-financial information such as the Mission Statement, Vision Statement, Shared Values, Corporate Profile, Board of Directors, Directors' Profile, Chairman's Statement, Notice of Annual General Meeting, Shareholders' Information, Corporate Social, Responsibility Activities, amongst others, together the "Outstanding reports", which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed

A. A. Oyelami

Adegoke .A. Oyelami FCA

FRC/2012/ICAN/00000000444

For: KPMG Professional
Services

Chartered Accountants 31

March 2022

Lagos, Nigeria



STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

In thousands of naira

		2021	2020
Assets	Notes		
Property, plant and equipment	14(a)	2,625,773	2,757,223
Intangible assets	15	36,152	52,578
Tax assets	11(c)(ii)	20,120	-
Investment property	16	382,234	403,020
Total non-current assets		3,064,279	3,212,821
Inventories	17	1,166,616	702,294
Trade and other receivables	18(a)	305,517	317,381
Deposit for imports	19	2,674	65,836
Prepayments and advances	20	36,346	49,569
Other financial assets	22	317,608	267,372
Cash and cash equivalents	21	217,629	356,599
Total current assets		2,046,390	1,759,051
Total assets		5,110,669	4,971,872
Equity			
Share capital	23(a)	144,912	144,912
Share premium	23(b)	635,074	635,074
Retained earnings		2,450,717	2,366,986
Total equity		3,230,703	3,146,972
Liabilities			
Loans and borrowings	26	7,875	137,428
Deferred income	25	109,298	68,705
Deferred taxation	11(d)	323,732	289,900
Total non-current liabilities		440,905	496,033
Loans and borrowings	26	137,498	149,223
Current tax liabilities	11(c)(i)	8,622	30,836
Trade and other payables	24	918,785	704,369
Deferred income	25	10,749	6,321
Dividend payable	28	363,407	438,118
Total current liabilities		1,439,061	1,328,867
Total liabilities		1,879,966	1,824,900
Total equity and liabilities		5,110,669	4,971,872

These financial statements were approved by the Board of Directors on 25 March 2022 and signed on its behalf by:



Abi Ayida (FRC/2019/IODN/00000019260)

Chairman



Adekunle Olowokande (FRC/2019/IODN/00000019259)

Director

Additionally certified by:



Pheobe Obi (FRC/2020/003/00000022016)

Chief Finance Officer

The Significant accounting policies and accompanying notes form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

<i>In thousands of naira</i>	Notes	2021	2020
Revenue	5	4,964,796	3,837,582
Cost of sales	9(a)	(3,382,076)	(2,418,504)
Gross profit		1,582,720	1,419,078
Other income	6	77,320	47,093
Selling and distribution expenses	9(a)	(261,765)	(251,302)
Administrative expenses	9(a)	(1,190,586)	(1,013,724)
Operating profit before credit impairment charges		207,689	201,145
Impairment loss on trade receivables	8	(8,145)	(6,194)
Operating profit		199,544	194,951
Finance income	7	26,843	78,848
Finance costs	7	(35,626)	(61,949)
Net finance income/cost		(8,783)	16,899
Profit before minimum tax		190,761	211,850
Minimum tax expense	12	(12,672)	(947)
Profit before income tax	8	178,089	210,903
Income tax expense	11(a)	(42,454)	(64,875)
Profit for the year		135,635	146,028
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		135,635	146,028
Earnings per share:			
Basic and diluted earnings per share (kobo)	13	47	50

The Significant accounting policies and accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

In thousands of naira

	Note	Share Capital	Share Premium	Retained Earnings	Total Equity
Balance at 1 January 2021		144,912	635,074	2,366,986	3,146,972
Comprehensive income for the year					
Profit for the year		-	-	135,635	135,635
Write back of statute barred dividend	28	-	-	64,025	64,025
Total comprehensive income for the year	- -			199,660	199,660
Transactions with owners, recorded directly in equity					
Dividend	28	-	-	(115,929)	(115,929)
Total transactions with owners	-	-	-	(115,929)	(115,929)
Balance at 31 December 2021		144,912	635,074	2,450,717	3,230,703
Balance at 1 January 2020		144,912	635,074	2,293,414	3,073,400
Comprehensive income for the year					
Profit for the year		-	-	146,028	146,028
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	146,028	146,028
Transactions with owners, recorded directly in equity					
Dividend	28	-	-	(72,456)	(72,456)
Total transactions with owners		-	-	(72,456)	(72,456)
Balance at 31 December 2020		144,912	635,074	2,366,986	3,146,972

-

The Significant accounting policies and accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

In thousands of naira

	Note	2021	2020
Cash flows from operating activities			
Profit for the year		135,635	146,028
Adjustments for:			
- Depreciation	9(b)	243,486	243,372
- Amortisation	15	16,426	7,708
- Finance income	7	(26,843)	(78,848)
- Interest expense on lease liabilities	7	15,187	- (23,464)
- Interest expense on financial liabilities measured at amortised costs	7	20,439	- (38,485)
- Gain on sale of property, plant and equipment	8	(21,235)	(5,085)
- Minimum tax expense	12	12,672	947
- Taxation	11(a)	42,454	64,875
		438,221	440,946
Changes in:			
- Inventories	17(b)	(464,322)	109,754
- Trade and other receivables	18(c)	19,825	13,160
- Deposit for imports	19(b)	63,162	77,699
- Prepayments and advances	20(a)	(6,897)	(5,287)
- Trade and other payables	24(c)	214,416	(100,220)
- Deferred income		45,022	(6,868)
		309,427	529,184
Cash generated from operating activities			
Set-off of current assets	11(c)	(36,652)	(15,573)
Tax paid	11(c)	(6,856)	(16,186)
Interest paid	26(b)	(20,371)	(42,812)
		245,548	454,613
Net cash generated from operating activities			
Cash flows from investing activities			
Purchase of property plant and equipment	14(g)	(95,090)	(111,611)
Purchase of intangible assets	15	-	(15,375)
Proceeds from sale of property, plant and equipment		25,075	5,085
Interest income on bank deposits	7	543	1,074
Additions to investment in financial assets	22	(34,685)	(42,840)
		(104,157)	(163,667)
Net cash used in investing activities			
Cash flows from financing activities			
Repayment of Principal of Loan and Borrowings	26(b)	(153,746)	(109,445)
Dividend paid	28	(126,615)	(41,589)
		(280,361)	(151,034)
Net cash used in financing activities			
Net (Decrease)/Increase in cash and cash equivalents		(138,970)	139,910
Cash and cash equivalents at 1 January		356,599	216,689
Cash and cash equivalents at 31 December	21	217,629	356,599

The Significant accounting policies and accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

1 Reporting Entity

Berger Paints Nigeria Plc ("the Company") was incorporated in Nigeria as a private limited liability company in 1959 and was converted to a public liability company in 1973. Its registered office address is at 102, Oba Akran Avenue, Ikeja Industrial Estate, Ikeja, Lagos. The Company is listed on the Nigerian Stock Exchange.

The principal activities of the Company continues to be the manufacturing, sale and distribution of paints and allied products throughout the country and rent of investment property.

Its subsidiary, Lewis Berger Paints Ghana Limited (a dormant entity), was incorporated in Ghana with effect from 22 October, 2013 as a private limited liability company. The subsidiary is domiciled in Ghana and its principal activity is the sale and distribution of paints and allied products.

2 Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011. The 2021 financial statements were authorised for issue by the Board of Directors on 25 March, 2022.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Non-derivative financial instruments initially measured at fair value and subsequently measured at amortised cost.
- Inventories: Lower of cost and net realisable value.

The methods used to measure fair value are further disclosed in Note 2(e).

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

(d) Use of estimates and judgment

In the preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policy and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 3(Q) and 31	leases: whether an arrangement contains a lease
Note 3(D),(F), 14 and 16	determination of the useful life of leasehold land
Note 3(L) and 5	revenue recognition and measurement of revenue from rendering of painting services

Information about assumptions and estimation uncertainties that have most significant effects on amounts recognised in the financial statements is included in the following notes;

Note 2(e) and 30(a)	determination of fair values
Note 3(G) and 30(b)	impairment of financial assets: Expected credit loss and forward looking information

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

(e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 30 – Financial instruments- Fair values and financial risk management.

(f) Change in accounting estimate

During the year, the Company reviewed and revised the estimated useful life of items of Property, Plant and Equipment including Plant and Machinery, Motor Vehicles, Computer Equipment, Computer Software and Furnitures and fitting. This change in accounting estimate was applied prospectively in accordance with the IAS 8- Accounting Policy and Changes in Accounting Estimates and Error.

Further information on the Impact of changes in accounting estimate is included in Note 3(D) (E)

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

A. Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to naira at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

B. Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Company's financial assets comprises trade and other receivables, cash and cash equivalents and other financial assets; and are classified as financial assets measured at amortised cost.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial Assets- Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Financial assets- Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities- Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company's financial liabilities comprises loans and borrowings, trade and other payables and dividend payable; and are classified as other financial liabilities.

(iv) Derecognition and offsetting

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

C. Capital and other reserves

i. Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded as share premium. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

ii. Share premium

When the company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares is transferred to the share premium account. Any transaction costs associated with the share issues are deducted from share premium account, net of any related income tax benefits. The use of the share premium account is governed by S.120 (3) of the Companies and Allied Matters Act 2020.

iii. Retained earnings

Retained earnings represents the Company's accumulated earnings since its inception, less any distributions to shareholders, and net of any prior period adjustments. A negative amount of retained earnings is reported as accumulated deficit.

D. Property, plant and equipment

I. Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Items of property, plant and equipment under construction are disclosed as capital work-in-progress.

If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

ii. Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on derecognition or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss in the statement of profit or loss and other comprehensive income.

iv. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Capital work-in-progress is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	2021	2020
•Leasehold land	Unlimited	Unlimited
• Buildings	20 years	20 years
• Plants and machinery		
- Fixed plant	12- 40 years	12- 40 years
- Movable plant	7 years	7 years
- Generators	5 years	5 years
• Motor vehicles		
- Trucks	6 years	6 years
- Cars	4 years	4 years
• Furniture and fittings	5 years	5 years
• Computer equipment	5 years	5 years
• Computer Software	5 years	5 years
• Motor vehicles under lease	lease period	lease period

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

As disclosed in Note 2(f), the Company reviewed and revised the useful life of items of Property, Plant and Equipment including Plant and Machinery, Motor Vehicles, Computer Equipment, Computer Software and Furnitures and fitting. The Impact of the change on accounting estimate on depreciation charge in the profit or loss is disclosed in Note 14(g)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

E. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at the end of each year, changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense of intangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Purchased software are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Amortisation is calculated using the straight-line method over the remaining useful life of the asset.

As disclosed in Note 2(f), the Company revised the useful life of Computer software from 3 years to 5 years.

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if all of the following have been demonstrated:

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

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

The internally generated intangible asset represents product formulation development for the newly commissioned automated paint factory.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

F. Investment property

i. Recognition and measurement

An investment property is either land or a building or part of a building held by the Company to earn rentals or for capital appreciation or both.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Investment property is initially measured at cost, including transaction costs. Such cost does not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy.

The cost model is applied in accounting for investment property. The investment property is recorded at cost less any accumulated depreciation and accumulated impairment losses.

ii. Subsequent expenditure

The cost of replacing a part of an item of investment property is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of investment property are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the investment property which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	–	20 years
• Leasehold land	–	Unlimited

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

iv. Transfers

Transfers to, or from, investment property are made when there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

Transfers to, or from, investment property does not change the carrying amount of the property transferred, and they do not change the cost of the property for measurement or disclosure purposes.

G. Impairment

Non-derivative financial assets

I. Financial instrument

The Company's financial assets consist of cash and cash equivalent, trade receivables and other financial assets, The Company recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 60 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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 and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For cash and cash equivalent and other financial assets the Company applies a general approach in calculating the ECLs. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

ii **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

iii **Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

- iv **Presentation of allowance for ECL in the statement of financial position**
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.
- v **Write off**
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

H. **Contingent liabilities and contingent assets**

A contingent liability is a possible obligation 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 the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised 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.

A contingent asset is a possible asset 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 the control of the entity.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

I. **Provisions**

A provision is recognised, 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

J. **Employee benefits**

I. **Defined contribution plan**

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for all employees. The Company and its employees contribute a minimum of 10% and 8% of the employees annual basic salary, housing and transport allowances respectively to the scheme. Employee contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

On 1 January 2016, the Company increased the employer contributions to the scheme to 15% of employee's annual basic salary, housing and transport allowances.

ii. Short-term employee benefits

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

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

iii. Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

K. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

Raw materials, non-returnable packaging materials and consumable spare parts	– purchase cost on a weighted average basis including transportation and applicable clearing charges.
Finished products and products-in-process	– weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.
Goods in transit	– Purchase cost incurred to date

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of conversion and selling expenses. Allowance is made for obsolete, slow moving or defective items where appropriate.

L. Revenue by nature

(i) Revenue from contract with customers

a Sale of paints and allied products

Revenue from the sale of goods in the course of ordinary activities represents sale of paints and allied products and is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates.

Revenue is recognised when the goods are delivered and have been accepted by customers. The Company allocates a portion of consideration received to loyalty points as applicable. The allocation is based on the relative stand alone selling prices. The amount allocated to the loyalty program is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points become remote. The deferred revenue is included in contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

b Contract services - supply and apply services contract

Supply and apply services contract revenue results from rendering painting services to customers. These services are rendered based on specific negotiated contracts with the customers.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Revenue is recognized overtime on basis of the Company's cost incurred relative to the total expected cost for the satisfaction of the performance obligation. The related cost are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities and presented as part of trade and other payables. Unbilled receivables for services rendered are included as contract assets and presented as part of trade and other receivables.

Contract expenses are recognised as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

(ii) Investment property rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other properties are recognised as other income.

M. Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, gains on re-measurement of financial assets measured at amortised cost, and reclassification of net gains previously recognised in OCI. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established.

Finance costs comprise interest expense on lease and other financial liabilities and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

N. Government grant

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

O. Taxation

Income tax

Income tax expense comprises current tax (Company Income Tax, Tertiary Education Tax, Nigeria Police Trust Fund levy and Capital gains tax) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current tax

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. Company Income Tax is computed on taxable profits; Tertiary Education Tax is computed on assessable profits while the Nigeria Police Trust Fund is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Company during the year). Income tax assets/liabilities are presented in the statement of financial position net of withholding taxes.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for unutilised tax losses, unutilised tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans.

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; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Deferred tax assets and liabilities are offset if, and only if the Company:

(a) has a legally enforceable right to set off current tax assets against current tax liabilities; and
(b) the deferred tax assets and the 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.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

(c) Minimum tax expense

The Company is subject to the Finance Act 2020 which amended the Company Income Tax Act (CITA). Total amount of tax payable under the Finance Act is determined based on the higher of two components; Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on 0.25% of qualifying Company's turnover 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 current tax liabilities in the statement of financial position.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax expense.

P. Earnings per share

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

Q. Leases

I. As a lessee

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use assets will be depreciated over the useful life of

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

the underlying assets, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted or certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses interest rate implicit in the lease liability agreement as the discount rate.

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commence date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or terminate option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment and lease liabilities in loans and borrowings in the statement of financial position. Right of use assets comprises motor vehicles under lease and leasehold land.

Short-term leases and leased of low-value assets.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

When the Company is an intermediate lessor, it accountings for its interests in the head lease and the sub-lease separately. It assesses the classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classified the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income in profit or loss on a straight-line basis over the lease term

R. Statement of cashflows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividend paid to ordinary shareholders are included in financing activities while finance income received is included in investing activities.

S. Operating Segment

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

All operating segments' operating results are reviewed regularly by the Management Committee, which is considered to be the chief operating decision maker for the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's Management Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

T. Dividends

Dividend payable is recognised as a liability in the period in which they are declared and the shareholders right to receive payment has been established.

U. Prepayments and advances

Prepayments and advances are non-financial assets which result when payments are made in advance of the receipt of goods or services. They are recognized when the Company expects to receive future economic benefits equivalent to the value of the prepayment. The receipt or consumption of the goods or services results in a reduction in the prepayment and a corresponding increase in expenses (assets) for that reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

V. Deposit for imports

Deposit for imports are non-financial assets which result when letters of credit are opened with the bank for the importation of raw materials and plant and machinery. They are recognized when the Company expects to receive future economic benefits equivalent to the value of the deposit made.

W. Investment in subsidiary

Subsidiaries are entities controlled by the Company. Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. Where the recoverable amount of the investment is less than the carrying amount, an impairment is recognized in profit or loss. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognized in profit or loss.

X. Related parties

Related parties include the Company's shareholders, directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Related parties transactions of similar nature are disclosed in aggregate except where separate disclosure is necessary for understanding of the effects of the related party transactions on the financial statements of the entity.

**Y. New standards and interpretations not yet adopted
Standards issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2021 and early application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

These include the following standards and interpretations that are applicable to the business of the Company but are not expected to have a significant impact on the Company's financial statements. Standards and interpretations cont'd

(i) Standards issued but not yet effective.

A. Onerous contracts: Cost of Fulfilling a Contract (Amendments to IAS 37) - Effective 1 January 2022

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that all contracts existing at 31 December 2021 will be completed before the amendments become effective.

B. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

C. Other Standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

i. Amendments to IAS 16; Property, Plant and Equipment: Proceeds before intended use.

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before its intended use by management. As such, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs. Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use. Making this allocation of costs may require significant estimation and judgement. The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin. The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

ii. Amendments to IAS 1; Classifications of liabilities as current and non-current

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation. The standard is effective for annual periods beginning on or after 1 January 2023.

iii. Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure Initiative: Accounting Policies

The amendments were issued in February 2021 to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements". The amendments are effective from 1 January 2023.

iv. *Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely.

v. *Amendments to IAS 8*

This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the following:

- an entity develops an accounting estimate to achieve the objective set out by an accounting policy.
- developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique.
- a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period.

The effect, if any, on future periods is recognised as income or expense in those future periods. The definition of accounting policies remains unchanged. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.vi. Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41- Annual Improvements 2018 - 2020

- IFRS 1 First Time Adoption of International Financial Reporting Standards - The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees 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.
- IFRS 16 Leases – The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.
- IAS 41 Agriculture - The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

4 Changes in Significant Accounting Policies

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

5 Revenue

(a) Revenue stream for the period comprises:

<i>In thousands of naira</i>	Recognition policy	2021	2020
(i) Revenue from contract with customers			
- Sale of paints and allied products*	At a point in time	4,852,895	3,630,790
- Contract services	Overtime	107,553	203,673
(ii) Revenue from leases of investment property		4,348	3,119
		4,964,796	3,837,582

*Revenue from sale of paints and allied products for the year comprises:

<i>In thousands of naira</i>	2021	2020
Revenue (net of value added tax)	5,880,938	4,331,194
Discounts and rebates	(1,028,043)	(700,404)
	4,852,895	3,630,790

Nigeria is the Company's primary geographical segment as all sales in the current and prior year were made in the country.

(b) Contract balances

The Company's contract balance comprises of trade receivables from contract with customers and is included in trade and other receivables (Note 18(a)). The balance is analysed as follows:

<i>In thousands of naira</i>	2021	2020
Billed receivables in respect of sales of paints and allied products	302,127	273,463
Unbilled receivables in respect of contract services	2,160	5,733
Trade receivables (Note 18(a))	304,287	279,196

(c) Revenue included in contract liability balance at the beginning of the year

The revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was nil (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

6 Other income

Other income comprises:

In thousands of naira

	2021	2020
Sale of Scrap	11,010	6,821
Income on property leases*	34,119	30,875
Profit from disposal of property, plant and equipment	21,235	5,085
Income from enrolment of new distributors	10,956	4,312
	77,320	47,093

*This represents income earned from leases of an insignificant portion of the Company's building properties to third parties.

7 Finance income and finance cost

Recognised in profit or loss:

In thousands of naira

	2021	2020
Interest income on bank deposits	543	1,074
Interest income on other financial assets	15,552	15,324
Foreign currency exchange gain	7,961	-
Net gain on financial liabilities measured at amortised costs	2,787	62,450
Total finance income	26,843	78,848
Interest expense on lease liabilities	(15,187)	(23,464)
Interest expense on financial liabilities measured at amortised costs.	(20,439)	(38,485)
Total finance cost	(35,626)	(61,949)
Net finance income recognised in profit or loss	(8,783)	16,899

8 Profit before income tax

Profit before tax is stated after charging:

In thousands of naira

	Note	2021	2020
Directors' emoluments	9(a)	87,394	56,941
Depreciation	9(b)	243,486	243,374
Amortisation	15	16,426	7,708
Personnel expenses	10(a)	686,092	718,128
Auditors' remuneration	9(a)	23,000	18,000
Impairment loss on trade receivables	18(b)	8,145	6,194
Minimum tax	12	12,672	947
Profit on disposal of property, plant and equipment	6	21,235	5,085

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

9 (a) Expenses

(i) Analysis of expenses by nature

In thousands of naira

	Note	2021	2020
Directors emoluments	10(d)	87,394	56,941
Personnel expenses	10(a)	686,092	718,128
Training expenses		4,174	6,634
Repairs and maintenance		75,970	95,099
Office and corporate expenses		51,092	37,641
License and permits		24,290	21,597
Utilities		74,151	49,810
Insurance		15,422	10,622
Travel, transport and accommodation		87,594	103,793
Rent, rate and levies		10,539	14,021
Subscriptions and donations		7,481	3,859
Depreciation	9(b)	243,486	243,374
Amortisation	15	16,426	7,708
Printing and stationery		16,366	7,503
Legal and professional services fees		65,708	92,756
Auditors' remuneration		23,000	18,000
Bank charges		6,439	6,535
Advertisement and publicity expenses		65,270	93,031
Distribution expenses		196,495	158,271
Raw materials and consumables	9a(iii)	3,056,751	1,842,973
Contract services expenses		20,287	95,234
		4,834,427	3,683,530

In thousands of naira

Summarised as follows:

	2021	2020
(ii) Cost of sales	3,382,076	2,418,504
Selling and distribution expenses	261,765	251,302
Administrative expenses	1,190,586	1,013,724
Total cost	4,834,427	3,683,530

(iii) Raw materials and consumables mainly relate to other material cost, finished goods, stock adjustment, research and development cost, cost variance and overhead recovery cost.

In thousands of naira

Summarised as follows:

	2021	2020
Finished Goods	3,336,197	2,239,435
Other material cost	156,222	995
Stock Adjustment	-	9,262
Cost variance	(34,842)	4,006
Overhead Recovery cost	(402,586)	(415,804)
Research & Development costs	1,760	5,079
Total Raw materials and consumables	3,056,751	1,842,973

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

(b) Depreciation

In thousands of naira

	Note	2021	2020
Depreciation charged for the year comprises:			
Depreciation of property, plant and equipment	14	222,700	222,273
Depreciation of investment property	16	20,786	21,099
Total depreciation		243,486	243,372

10 Personnel expenses

(a) Personnel expenses, including remuneration of the executive director during the year comprises:

In thousands of naira

	2021	2020
Salaries, wages and allowances	647,595	671,933
Employer contribution to compulsory pension fund scheme	38,497	46,195
	686,092	718,128

(b) Number of employees of the Company at year end, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

		2021	2020	
		Number	Number	
	N			
500,001	-	1,000,000	3	7
1,000,001	-	1,500,001	15	21
1,500,001	-	2,000,001	47	56
2,000,001	-	3,000,001	35	32
3,000,001	and	above	33	37
			133	153

(c) The number of persons employed as at year end are:

	2021	2020
	Number	Number
Production	23	23
Sales and marketing	48	53
Finance & HR	10	8
Admin/Control	12	14
Maintenance	6	8
Corporate	5	6
Logistic & Supply chain	13	19
Information Technology (IT)/CSR	2	7
Technical & Compliance	9	9
Safety & Security	5	6
	133	153

(d) Remuneration paid to non-executive directors of the Company and charged to the profit or loss are as follows:

The fees paid to non-executive Directors for the year includes retirement benefits paid to three (3) retired Directors within the year amounted to 2021: ₦20.3million, (2020: Nil).

In thousands of naira

	2021	2020
Fees paid to non-executive directors	87,394	56,941
	87,394	56,941

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

The directors' remuneration shown above includes:

<i>In thousands of naira</i>	2021	2020
Chairman (Highest paid Director)	6,000	6,716

Other directors received emoluments in the following ranges:

		2021	2020
		Number	- Number
N	N		
250,001	-	1,000,000	-
1,000,001	-	3,000,000	-
3,000,001	-	5,000,000	-
5,000,001	-	8,000,000	7
		7	7

11 Taxation

- (a) 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:

<i>In thousands of naira</i>	2021	2020
Current tax expense:		
Nigeria Police Trust Fund Levy (NPTF)	8	10
Tertiary education tax	8,614	6,910
Charge/(credit) for the year	8,622	6,920
Deferred tax expense:		
Origination and reversal of temporary differences (Note 11 (d))	33,832	57,955
Income tax expense	42,454	64,875

- (b) Reconciliation of effective tax rate:

<i>In thousands of naira</i>	%	2021	%	2020
Profit for the year		135,635		146,028
Taxation		42,454		64,875
Profit before taxation		178,089		210,903
Income tax using the Company's domestic rate of 30%	30	53,427	30	63,271
Tertiary education tax @ 2.5%	2.5	4,452	2	4,218
Effect of NPTF levy	-	8	-	10
- Non-deductible expenses	3	5,072	1	4,729
- Tax exempt income	(1)	(2,412)	(9)	(5,017)
- Tax incentives	(1)	(2,550)	(1)	(2,414)
- Other tax differences	(9)	(15,543)	7	78
Tax expense	24	42,454	30	64,875

- (c) The movement in the tax payable during the year was as follows:

<i>In thousands of naira</i>	2021	2020
Current tax liabilities		
i. Opening tax liability 1 January	30,835	72,034
Current year charge	8,622	6,920
Minimum tax charge	12,672	947
Cash payments	(6,856)	(16,186)
Set-off of current assets	(36,652)	(32,879)
Balance as at year end (A)	8,622	30,835
Total net current tax assets/liabilities as at 31 December 2021 (A-B)	11,498	(30,835)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

<i>In thousands of naira</i>		2021	2020
ii.	WHT credit notes		
	Additions	56,772	32,879
	Set-off of current assets	(36,652)	(32,879)
	Balance as at year end (B)	20,120	-

(d) Movement in deferred taxation
In thousands of naira

	Balance at 1 January	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
31 December 2021					
Property, plant and equipment	363,651	26,448	390,099	-	390,099
Allowance on trade receivable	(52,096)	(2,607)	(54,703)	(54,703)	-
Right of use assets	4,667	9,345	14,012	-	14,011
Provision for gratuity discontinued	(713)	-	(713)	(713)	-
Provision for slow moving inventories	(25,609)	646	(24,963)	(24,963)	-
Net tax (assets)/ liabilities	289,900	33,832	323,732	(80,379)	404,110
31 December 2020					
Property, plant and equipment	307,524	56,127	363,651	-	363,651
Allowance on trade receivable	(50,597)	(1,499)	(52,096)	(52,096)	-
Right of use assets	483	4,184	4,667	-	4,667
Provision for gratuity discontinued	(713)	-	(713)	(713)	-
Provision for slow moving inventories	(24,752)	(857)	(25,609)	(25,608)	-
Net tax (assets)/ liabilities	231,945	57,955	289,900	(78,417)	368,318

12 Minimum tax

Minimum tax in current year has been computed based on 0.25% of turnover in line with the Finance Act, 2020 and this amounts to ₦12.7 million (2020: ₦.94million).

Minimum tax Comprises:

<i>In thousands of naira</i>	2021	2020
Minimum tax	12,672	9,909
Tax Credit	-	(8,962)
Minimum tax expenses	12,672	947

13 Basic and diluted earnings per share

Basic earnings per share of 47 kobo (31 December 2020: 50 kobo) is based on the profit for the year of ₦136 million (31 December 2020: ₦146 million) and on 289,823,447 (2020: 289,823,447) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year.

Basic earnings per share is the same as diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

14 Property Plant and equipment

(a) The movement on these accounts was as follows:
In thousands of naira

	Note	Leasehold Land N'000	Buildings N'000	Plants and Machinery N'000	Furniture and fittings N'000	Motor Vehicles N'000	Computer Equipment N'000	Motor Vehicles under Lease N'000	TOTAL N'000
Cost									
Balance at 1 January 2020		390,000	1,291,534	1,429,116	58,865	240,461	125,517	182,350	3,717,843
Additions		-	12,353	73,073	5,687	13,117	7,381	-	111,611
Disposals/write-off		-	-	-	-	(19,925)	-	-	(19,925)
Balance at 31 December 2020		390,000	1,303,887	1,502,189	64,552	233,653	132,898	182,350	3,809,529
Balance at 1 January 2021		390,000	1,303,887	1,502,189	64,552	233,653	132,898	182,350	3,809,529
Additions		-	6,313	49,172	1,195	2,571	35,839	-	95,090
Disposals		-	-	(6,788)	-	(87,429)	(1,952)	-	(96,169)
Balance at 31 December 2021		390,000	1,310,200	1,544,573	65,747	148,795	166,785	182,350	3,808,450
Accumulated depreciation									
Balance at 1 January 2020		78,081	236,526	209,520	34,168	209,768	70,079	11,816	849,958
Charge for the year	9(b)	-	64,885	79,066	8,209	13,904	18,174	38,035	222,273
Disposals		-	-	-	-	(19,925)	-	-	(19,925)
Balance at 31 December 2020		78,081	301,411	288,586	42,377	203,747	88,253	49,851	1,052,306
Balance at 1 January 2021		78,081	301,411	288,586	42,377	203,747	88,253	49,851	1,052,306
Charge for the year	9(b)	-	65,313	75,054	6,615	13,579	21,050	41,089	222,700
Disposals		-	-	(6,788)	-	(83,589)	(1,952)	-	(92,329)
Balance at 31 December 2021		78,081	366,724	356,852	48,992	133,737	107,351	90,940	1,182,677
Carrying amounts									
At 31 December 2020		311,919	1,002,476	1,213,603	22,175	29,906	44,645	132,499	2,757,223
At 31 December 2021		311,919	943,476	1,187,721	16,755	15,058	59,434	91,410	2,625,773

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

(b) **Assets pledged as security**

No asset of the Company was pledged as security for loan as at 31 December, 2021 (December 2020: Nil)

(c) **Impairment of property, plant and equipment**

No impairment loss was recognised for the year (2020: Nil).

(d) **Capital commitments**

Capital expenditure commitments for the year ended 31 December 2021 authorised by the Board of Directors comprise:

In thousands of naira

Approved but not contracted

	2021	2020
Approved but not contracted	127,717	387,897
	127,717	387,897

No Capitalised borrowing cost included in capital work in progress for the year (December 2019: ₦45.72 million).
No Capital work-in-progress during the year.

(e) **Property, plant and equipment under construction**

There are no property, plant and equipment under construction (2020: Nil)

(f) **Right of use assets**

Right of use assets comprises leasehold land and motor vehicles under finance leases.

The leasehold land is held under lease arrangements for a minimum lease term of 99 years. The classification of the lease of land as a finance lease is on the basis that the lease transfers substantially all of the risks and rewards incidental to ownership of the land to the Company. The lease amounts were fully paid at the inception of the lease.

(g) **Additions in statement of cash flows**

In thousands of naira

Additions (Note 14(a))

Additions to Right of Use assets (Motor vehicles under lease)

	2021	2020
Additions (Note 14(a))	95,090	155,686
Additions to Right of Use assets (Motor vehicles under lease)	-	(44,075)
	95,090	111,611

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

15 Intangible assets

In thousands of naira

Cost

Balance at 1 January 2020			
Additions			
Balance at 31 December 2020			
Balance at 1 January 2021			
Additions			
Balance at 31 December 2021			

Accumulated amortisation

Balance at 1 January 2020			
Charge for the year			
Balance at 31 December 2020			
Balance at 1 January 2021			
Charge for the year			
Balance at 31 December 2021			

Carrying amounts

At 31 December 2020			
At 31 December 2021			

	Intangible assets under development			
	Note	Computer Software	Intangible assets under development	Total
		65,435	28,138	93,573
		15,375	-	15,375
		80,810	28,138	108,948
		80,810	28,138	108,948
		28,138	(28,138)	-
		108,948	-	108,948
		48,662	-	48,662
	9(a)	7,708	-	7,708
		56,370	-	56,370
		56,370	-	56,370
	9(a)	16,426	-	16,426
		72,796	-	72,796
		24,440	28,138	52,578
		36,152	-	36,152

"The Company's intangible assets represent cost of Microsoft Navision ERP applications licence and technical agreement. The Microsoft Navision ERP application was acquired and available for use in September 2017. The cost is amortised to profit or loss over a period of five years."

Intangible assets amortisation charged to profit or loss for the year amounts to ₦16.43million (2020: ₦7.71million) and is included as part of administrative expenses.

16 Investment property

The movement on this account was as follows:

In thousands of naira

Cost

Balance at 1 January		
Balance at 31 December		

Accumulated depreciation

Balance at 1 January		
Charge for the year		
Balance at 31 December		
Carrying amounts at year ended		

	2021	2020
	604,468	604,468
	604,468	604,468
	201,448	180,349
	20,786	21,099
	222,234	201,448
	382,234	403,020

"Investment property comprises the Company's land and building at Abuja (hereinafter referred to as Berger Paints Plaza). The Company completed and commissioned the Berger Paints Plaza in November 2013. The Berger Paints Plaza is made up of 2,196 square meters of trade shops and offices available for commercial rent. The property has been leased to third parties and is managed on behalf of the Company by Gauge Construction Servicing Limited."

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Each of the leases contains an initial non-cancellable period of one (1) year. No contingent rents are charged. Rental income generated from investment property recognised during the year was ₦4.35 million (2020: ₦3.12 million).

Direct operating expenses (included in repairs and maintenance expenses) arising from investment property that generated rental income during the year was Nil (2020: Nil)

Depreciation of ₦20.79 million (31 December 2020: ₦21.10 million) charged on investment property for the year was included in cost of sales

The fair value of the investment property as at year end is ₦2.35 billion (31 December 2020: ₦2.06 billion). The fair value was determined by an external, independent property valuer (Jide Taiwo and Co.) with Financial Reporting Council of Nigeria (FRC) No: FRC/2012/000000000254. The fair value measurement of investment property has been categorised as a Level 2 fair value based on the input to the valuation techniques used.

17 Inventories

(a)	<i>In thousands of naira</i>	2021	2020
	Raw and packaging materials	919,804	428,242
	Finished products	255,108	306,280
	Product-in-process	16,647	10,889
	Consumable spare parts	53,062	36,907
		1,244,621	782,318
	Impairment allowance	(78,005)	(80,024)
		1,166,616	702,294

The value of raw and packaging materials, changes in finished products and products in process consumed during the year and recognised in cost of sales amounted to ₦3.05 billion (2020: ₦1.82 billion). No reduction in the carrying amount of inventories in the current year (2020: ₦3.2 million) as there is no occasion giving rise to write-down of inventory to net realisable value.

(b) Reconciliation of changes in Inventory included in statement of cash flows is as follows:

<i>In thousands of naira</i>	2021	2020
Movement in Inventory	(464,322)	109,754
Changes in trade and other receivables per statement of cash flows	(464,322)	109,754

18 Trade and other receivables comprises:

Trade and other receivables comprises:

(a)	<i>In thousands of naira</i>	2021	2020
	Trade receivables (Note 5(b))	302,127	273,463
	Lease receivable	83,688	83,688
	Staff debtors	1,946	152
	Receivable from Company's registrar	81,036	101,459
	Contract assets	2,160	5,733
	Other receivables	7,011	17,192
		477,968	481,687
	Impairment allowance	(172,451)	(164,306)
	Carrying amount as at year ended	305,517	317,381

The Company's exposure to credit and currency risks related to trade and other receivables is disclosed in Note 30(b).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

- (b) The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

<i>In thousands of naira</i>	2021	2020
Balance at 1 January	164,306	158,112
Net impairment loss recognised	8,145	6,194
Balance at 31 December	172,451	164,306

- (c) Reconciliation of changes in trade and other receivables included in statement of cash flows is as follows:

<i>In thousands of naira</i>	2021	2020
Movement in trade and other receivables	11,864	13,160
Exchange gain	7,961	-
Changes in trade and other receivables per statement of cash flows	19,825	13,160

19 Deposit for imports

The deposit for imports represents amounts deposited with banks to fund letters of credit. These letters of credit are meant to finance the importation of raw materials.

Deposit for imports comprises:

<i>In thousands of naira</i>	2021	2020
Deposit for Imports	2,674	65,836
	2,674	65,836

- (b) Reconciliation of changes in deposit for imports included in statement of cash flows is as follows:

<i>In thousands of naira</i>	2021	2020
Movement in deposit for imports	63,162	77,699

20 Prepayments and advances

Prepayments and advances comprises:

<i>In thousands of naira</i>	2021	2020
Advance payment to suppliers	17,079	22,843
Prepaid insurance and others	19,267	26,726
	36,346	49,569

There were no non-current prepayments and advances made at year-end (2020:Nil)

- (a) Reconciliation of changes in prepayments and advances included in statement of cash flows is as follows:

<i>In thousands of naira</i>	2021	2020
Movement in prepayment and advances	13,223	12,019
Movement in WHT credit notes	(20,120)	(17,306)
Changes in prepayments and advances per statement of cash flows	(6,897)	(5,287)

21 Cash and cash equivalents

Cash and cash equivalents comprises:

<i>In thousands of naira</i>	2021	2020
Cash on hand	317	216
Balance with banks	217,312	356,383
Cash and cash equivalents	217,629	356,599

The short term deposit with banks included in cash and cash equivalents is with rollable maturity of thirty (30) days term (2018).

The Company's exposure to credit and market risk for financial assets is disclosed in Note 30(b).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

22 Other financial assets

This represents unclaimed dividend returned by the Company's registrar and invested in Fixed Deposit. As at 31 December 2021, the investment is analysed as stated below:

	2021	2020
At 1 January	267,371	209,208
Additions	34,685	42,840
Interest income	15,552	15,323
At 31 December	317,608	267,371

The Company's exposure to credit and market risk for financial assets is disclosed in Note 30(b).

23 Capital and reserves

(a) Ordinary shares as at 31 December		
<i>In thousands of naira</i>		
Authorised 800,000,000 ordinary shares of 50k each	400,000	400,000
Issued and fully paid 289,823,447 ordinary shares of 50k each	144,912	144,912
(b) Share premium		
<i>In thousands of naira</i>		
At 1 January	635,074	635,074
At 31 December	635,074	635,074

24 Trade and other payables

(a) Trade and other payables comprises:		
<i>In thousands of naira</i>		
Trade payables	456,682	285,998
Customer deposits for paints	152,340	146,251
Statutory payables	73,404	133,946
Related party payables (Note 29 (a))	7,075	10,619
Pension payable (Note (b))	5,216	9,382
Accruals	192,902	106,061
Other payables	31,166	12,112
	918,785	704,369

The Company's exposure to liquidity risks related to trade and other payables is disclosed in Note 30(b).

(b) Pension payable		
<i>In thousands of naira</i>		
Balance at 1 January	9,382	5,974
Charge for the year	60,488	69,243
Remittances	(64,654)	(65,835)
Balance at 31 December	5,216	9,382
(c) Reconciliation of changes in trade and other payables included in statement of cash flows		
<i>In thousands of naira</i>		
Movement in trade and other payable	214,416	(100,220)
"Changes in trade and other payables per statement of cash flows"	214,416	(100,220)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

25 Deferred income

Deferred income comprises:

In thousands of naira

	2021	2020
Government grant (note (a))	68,422	71,158
Lease income received in advance	51,625	3,868
Deferred income	120,047	75,026
Non-current	109,298	68,705
Current	10,749	6,321
	120,047	75,026

- (a) "Government grant arises as a result of the benefit received from below-market-interest rate government assisted loans, obtained from the Bank of Industry to purchase items of buildings and plant & machinery for the installation of the automated water based paint production factory. The production plant was completed and became available for use on 30 December, 2019. The grant will be amortised on a systematic basis over the average useful life of the components of the items of buildings and plant & machinery. Unwinding of the government grant has been recognised in profit or loss for the year ended 31 December 2021: ₦2.74million (2020: ₦2.45million)"

26 Loans and borrowings

In thousands of naira

31 December 2021

	Non-current liabilities	Current liabilities	Total
Bank of Industry loan	7,875	89,820	97,695
Lease liability	-	47,678	47,678
	7,875	137,498	145,373

31 December 2020

	Non-current liabilities	Current liabilities	Total
Bank of Industry loan	79,984	88,918	168,902
Lease liability	57,444	60,305	117,749
	137,428	149,223	286,651

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 30(b).

- (a) Terms and repayment schedule

		31 December 2021				31 December 2020		
	Currency	Nominal interest rate	Year of maturity	Face Value	Carrying amount	Face Value	Carrying amount	
<i>In thousands of naira</i>								
(i)	Bank of Industry loan	NGN	10%	2023	105,223	97,695	185,623	168,902
(ii)	Lease liability 1	NGN	18%	2022	15,131	15,131	85,663	85,202
(iii)	Lease liability 2	NGN	15%	2022	32,547	32,547	32,547	32,547
Total interest-bearing loans					152,901	145,373	271,286	254,104

(i) Bank of Industry Loan

- The loan is a Central Bank of Nigeria (CBN) intervention fund through Bank of Industry (BOI), which is secured by a "duly executed Negative Pledge" (Bank Guarantee) in favour of Fidelity Bank Plc. The applicable interest rate is 10% per annum. The loan is repayable in seventy monthly instalments (including a twelve months moratorium between March 2017 to February 2018) at various dates between March 2018 to March 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

For the year ended 31 December 2021, net interest expense of ₦20.44 million which accrued on the facility, was charged to Profit or loss (2020: ₦38.40 million was expensed to Profit or loss).

(ii) Lease liability

The lease was provided by Financial Derivatives Company Limited for eighteen (18) motor vehicles, required for replacement of aged sales field force vehicles and part for administrative/operational use. The applicable lease interest rate is 18% per annum, it is repayable in thirty six (36) monthly equal instalments at various dates between September 2019 to August 2022. In 2020, the Company entered into a lease arrangement for the procurement of one (1) motor vehicles for a lease interest rate of 15% per annum, it is repayable in twenty four (24) monthly equal instalments at various dates between May 2020 to May 2022.

As at 31 December 2021, interest expense and related charges of ₦15.19 million (2020: ₦23.29 million) was due on the lease facility and recognised in profit or loss. The total cash outflows in respect of principal and interest lease payments was ₦70.07 million (2020: ₦74.57 million) and is included as part of repayment of borrowings in the statement of cashflows. No addition to lease liability in the current year.

(b) Movement in loans and borrowings

in thousands of Naira

	2021	2020
Balance, beginning of year	286,651	395,335
Additions	-	44,075
Repayment of principal	(153,746)	(109,445)
Repayment of interest	(20,371)	(42,812)
Net gain on financial liabilities measured at amortised costs	(2,787)	(62,450)
Interest accrued in profit or loss	35,626	61,948
Balance, end of the year	145,373	286,651

27 Dividends

The following dividends were declared and paid by the Company;

	Per share (kobo)	2021 N'000	Per share (kobo)	2020 N'000
Declared Dividend	40	115,929	25	72,456

This represents the dividend proposed for the preceding year, but declared in the current year.

28 Dividend payable

The movement in dividend payable is as follows:

In thousands of naira

	2021	2020
At 1 January	438,118	407,251
Declared dividend	115,929	72,456
Write back of statute barred dividend	(64,025)	-
Payments	(126,615)	(41,589)
At 31 December 2021	363,407	438,118

29 Related Parties

Related parties include the Company's shareholders, directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

A. Transactions with key management personnel

Key management personnel compensation comprised the following:

In thousands of naira

	2021	2020
Short-term benefits	144,294	151,828
Post employment benefits	6,299	6,617
	150,593	158,445

The aggregate value of transactions and outstanding balances related to key management personnel and other related parties were as follows.

Related Party	Nature of transaction	Transaction values		"Balance Payable"	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Emychem Limited	Supply of raw materials	47,991	73,029	(7,075)	(10,619)
Clayton Finance Limited	Supply of raw materials	-	41,207	-	-
		47,991	114,236	(7,075)	(10,619)

Emychem Limited

During the year, the Company bought various raw materials from Emychem Limited. The Managing Director of Emychem Limited is Mr. Raj Mangtani and is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

B. Other related party transactions

The Company incorporated a subsidiary in Ghana, Lewis Berger Ghana Limited, on 23 October 2013. As at 31 December 2021, the subsidiary remained dormant and had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

30 Financial instruments – Fair values and financial risk management

(a) Classification of financial instruments and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. As at 31 December 2021, the Company did not have financial assets and liabilities measured at fair value through other comprehensive income or fair value through profit or loss.

31 December 2021

In thousands of naira

	Amortized Cost	Fair value			Total
		Level 1	Level 2	Level 3	
<i>Financial assets not measured at fair value</i>					
Other financial assets	317,608	-	317,608	-	317,608
Trade and other receivables	305,517	-	305,517	-	305,517
Cash and cash equivalents	217,629	-	217,629	-	217,629
	840,754	-	840,754	-	840,754
<i>Financial liabilities not measured at fair value</i>					
Loans and borrowings	45,373	-	152,901	-	152,901
Trade and other payables*	487,848	-	487,848	-	487,848
Dividend payable	363,407	-	363,407	-	363,407
	996,628	-	1,004,156	-	1,004,156

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

31 December 2020

In thousands of naira

	Fair value				Total
	Amortized Cost	Level 1	Level 2	Level 3	
<i>Financial assets not measured at fair value</i>					
Other financial assets	267,372	-	267,372	-	267,372
Trade and other receivables	317,381	-	317,381	-	317,381
Cash and cash equivalents	356,599	-	356,599	-	356,599
	941,352	-	941,352	-	941,352
<i>Financial liabilities not measured at fair value</i>					
Loans and borrowings	286,651	-	303,833	-	303,833
Trade and other payables*	561,049	-	561,049	-	561,049
Dividend payable	438,118	-	438,118	-	438,118
	1,285,818	-	1,303,000	-	1,303,000

*Trade and other payables excludes statutory deductions such as Value Added Tax payable, Withholding Tax payable, PAYE payable, Pension payable and other non-income taxes payables.

The carrying amount of financial instrument such as short term trade and other receivables, other financial asset, cash and cash equivalent, trade and other payables and dividend payable are a reasonable approximation of their fair values.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- (i) quoted market prices or dealer quotes for similar instruments;
- (ii) other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity, are used to determine fair value for the remaining financial instruments.

Adjustment to level 2 inputs will vary depending on factors specific to the asset or liability such as the location or condition of the asset.

(b) Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(i) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Strategy and Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

"The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the Internal Audit Function, outsourced to Bamidele Daramola & Co. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee."

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of naira

	2021	2020
Trade and other receivables (See (a) below)	305,517	317,381
Cash and cash equivalents (excluding cash at hand) (See (b) below)	217,312	356,383
Other financial assets (See (b) below)	317,608	267,372
	840,437	941,136

(a) Trade and other receivables

In thousands of naira

	2021	2020
Net trade and lease receivables (See a(i) below)	215,524	198,578
Deposit with company registrar (See a(ii) below)	81,036	101,459
Staff debtors (See a(iii) below)	1,946	152
Other receivables (See a(iii) below)	7,011	17,192
	305,517	317,381

(i) Net trade and lease receivables

The Company's exposure to credit risk in respect of trade receivables is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings when available, and in some cases bank references. Credit sales limits are established for each customer and are reviewed regularly. The concentration of credit risk is limited due to the large and unrelated customer base. The company has pledged no trade receivables during the year.

The Company limits its credit risk from trade receivable by establishing a maximum payment of 30 and 60 days depending on the customer credit rating.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Concentration of risk

At 31 December 2021, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows;

<i>In thousands of naira</i>	2021	2020
Wholesale customers	41,392	70,270
Retail customers	12,970	3,511
Others (Corporates)	249,925	205,415
Lease receivable	83,688	83,688
	387,975	362,884

Impairment losses on financial assets recognised in profit or loss were as follows:

- Impairment loss on trade receivable arising from contracts for sale of paints	88,764	80,618
- Impairment loss on investment property lease contracts	83,688	83,688
	172,452	164,306
Net trade and lease receivables	215,523	198,578

The Company uses an allowance matrix to measure the expected credit loss (ECL) from trade receivables from sale of paints and rental of investment property. The exposures are calculated separately for each segment based on their common characteristics. Loss rates are calculated based on actual loss experienced over the past three years. These rates adjusted by a scalar factor to reflect differences in economic conditions during the year over which the historical data has been collected and the Company's view of economic conditions over the expected lives of the receivables. The scalar factor is based on forecasted inflation rates and industry outlook.

At 31 December 2021, the ageing of trade receivables that were impaired was as follows:

31 December 2021

In thousands of naira

	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	2,160	-	2,160
Past due 1–30 days	Yes	16%	241,458	(38,786)	202,672
Past due 31–60 days	Yes	23%	20,345	(4,687)	15,658
Over 61 days due	Yes	100%	45,291	(45,291)	-
			309,254	(88,764)	220,490

31 December 2020

In thousands of naira

	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	5,733		5,733
Past due 1–30 days	No	0%	121,388		121,388
Past due 31–60 days	Yes	8%	77,651	(6,194)	71,457
Over 61 days due	Yes	100%	74,424	(74,424)	-
			279,196	(80,618)	198,578

At 31 December 2021, the ageing of lease receivables that were impaired was as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

31 December 2021

In thousands of naira

	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	-	-	-	-
Past due 1–30 days	Yes	-	-	-	-
Past due 31–60 days	Yes	-	-	-	-
Over 61 days due	Yes	100%	83,688	(83,688)	-
			83,688	(83,688)	-

31 December 2020

In thousands of naira

	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	-	-	-
Past due 1–30 days	Yes	-	-	-	-
Past due 31–60 days	Yes	-	-	-	-
Over 61 days due	Yes	100%	83,688	(83,688)	-
			83,688	(83,688)	-

The Company does not hold collateral on these balances. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

Movement in the allowance for impairment in respect of trade receivable during the year was as follows:

In thousands of naira	2021	2020
Balance as at 1 January	164,306	158,112
Net impairment loss recognised	8,146	6,194
Balance as at 31 December	172,451	164,306

(ii) Deposit with Company Registrar

"This represents amounts held with the Company registrar in respect of payments of declared dividends to shareholders on behalf of the Company. This represents the Company's maximum credit exposure to the financial asset. The refund of this receivable is as stipulated by the Securities Exchange Commission's set guidelines. The Company's registrar is Meristem Registrars Limited, which has a history of reputable ratings. The Company has assessed the credit risk as low and the ECL is immaterial."

(iii) Staff debtors and other receivables

"This mainly represents lease receivable in respect of rent of an insignificant portion of the Company's building properties to third parties and receivables from employees. These receivables are payable on demand and its contractual period is less than 12 months. The Company has assessed the counter parties to have sufficient net liquid assets and are considered to be low credit risk, hence, the expected credit loss is immaterial. Consequently, the Company has not incurred impairment loss in respect of staff debtors and other receivables."

(b) Cash and cash equivalents and other financial asset:

The Company held cash and cash equivalents of ₦218 million and other financial asset of ₦318 million as at 31 December 2021 (31 December 2020: ₦357 million and ₦267 million respectively) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks with good external ratings. The Company manages the risk associated with its cash and cash equivalents by selecting banks with strong financial position and history of good performance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Impairment on cash and cash equivalent has been measured on a 12 month expected credit loss basis and reflects the short maturities of the exposures. The Company considered that its cash and cash equivalent and other financial asset have low credit risk based on the external credit ratings of the counter parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 December 2021, the expected cash flows from trade and other receivables maturing within three months were ₦266.3 million (31 December 2020: ₦142.5 million). This excludes potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

31 December 2021

<i>In thousands of naira</i>	Contractual cash flows						
	Carrying Amount	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Loans and borrowings (excluding lease liability)	97,695	254,355	57,668	39,337	157,350	-	-
Lease liability	47,678	59,613	29,807	29,806	-	-	-
Trade and other payables*	561,049	561,049	561,049	-	-	-	-
Dividend payable	363,407	363,407	363,407	-	-	-	-
	1,069,829	1,238,424	1,011,931	69,143	157,350	-	-

31 December 2020

<i>In thousands of naira</i>	Contractual cash flows						
	Carrying Amount	Total	6 months or less	6-12 months	1-2 years	2-5 years	than 5 years
Loans and borrowings	168,902	254,355	57,668	39,337	157,350	16,032	-
Lease liability	117,749	117,749	29,807	29,807	65,335	-	-
Trade and other payables*	561,049	561,049	561,049	-	-	-	-
Dividend payable	438,118	438,118	438,118	-	-	-	-
	1,285,818	1,371,271	1,086,642	69,144	222,684	16,032	-

*Trade and other payables excludes statutory deductions such as non-income tax and pension payables

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

1. Currency risk

The Company is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Company. The functional currency of the Company is primarily the Naira. The currencies in which these transactions are primarily denominated are Naira (N), Euro (€), US Dollars (US\$) and Pounds Sterling (GBP). The currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company's policy is to ensure that its net exposure in respect of monetary assets and liabilities denominated in foreign currencies are kept to an acceptable level. The Company monitors the movement in foreign currencies on an ongoing basis and takes appropriate actions as necessary.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk is as follows:

	31 December 2021			31 December 2020		
	US\$	€	GBP	US\$	€	GBP
Foreign currency included in cash and cash equivalents	95,481	1,088	356	142,215	973	356

The following significant exchange rates were applied;

	Average rate during the year		Year end spot rate	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
<i>Naira</i>				
US\$ 1	409.49	382.05	424.11	400.33
€ 1	483.73	436.24	480.10	491.45
GBP 1	547.61	489.02	571.40	512.42

Sensitivity analysis

A reasonably possible strengthening / (weakening) of the naira against all other currencies at 31 December 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast purchases.

<i>In thousands of Naira</i>	Profit or loss	
	Strengthening	Weakening
31 December 2021		
US\$ (20% movement)	8,099	(8,099)
€ (20% movement)	104	(104)
GBP (20% movement)	41	(41)
31 December 2020		
US\$ (20% movement)	11,387	(11,387)
€ (20% movement)	96	(96)
GBP (20% movement)	36	(36)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

2. Interest rate risk

The Company adopts a policy of ensuring that all its interest rate risk exposure is at fixed rate. This is achieved by entering into fixed rate instruments.

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and the interest cashflow risk that results from borrowings at variable rates. The Board of Directors is responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful borrowing profiling and use of heterogeneous borrowing sources.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments

In thousands of naira

Financial liabilities:

Short term borrowings

Long term borrowing

	Nominal amount	
	2021	2020
Short term borrowings	137,498	149,223
Long term borrowing	7,875	137,428
	145,373	286,651

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss."

Cash flow sensitivity analysis for variable rate instruments

The Company does not have any variable rate financial assets and liabilities as at 31 December 2021 (2020: Nil).

(c) Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. This is done by using a ratio of adjusted net debt to adjusted equity. Adjusted net debt has been defined as total liabilities, comprising loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity. The Company's adjusted net debt to equity ratio at 31 December, was as follows:"

In thousands of naira

Total liabilities

Less: Cash and Cash equivalents

Adjusted net debt

Total Equity

Net debt to equity ratio

	2021	2020
Total liabilities	1,879,966	1,824,900
Less: Cash and Cash equivalents	(217,629)	(356,599)
Adjusted net debt	1,662,337	1,468,301
Total Equity	3,230,703	3,146,972
Net debt to equity ratio	0.51	0.47

31 Leases

A. Leases as Lessee (IFRS 16)

The Company leases land which is for a minimum lease term of 99 years. This lease was entered into several years ago and was classified as leasehold land.

The Company also entered into lease arrangements for the right to use of motor vehicles. The lease expires in 2022; however, management has the intention to exercise the purchase option.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Right of use assets related to leased assets are presented as property, plant and equipment (see Note 14(f)). Interest on lease liabilities as well as the repayments of the lease has been included in loans and borrowings (see Note 26(a)).

B. Leases as Lessor

The Company leases out its investment property consisting of its owned commercial properties (see Note 16) and insignificant portion of its office premise to 3rd parties.

The Company has classified these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the investment property.

a. Future minimum lease payments

At as 31 December 2021 there are no future minimum lease payments under non cancellable and each of the leases are one year (2020: Nil)

b. Amounts recognised in profit or loss

Investment property lease income recognised for the year is ₦4.28 million (2020: ₦3.12million) and was included in 'Revenue' (see note 5(a)). Depreciation expense on the investment property was included in 'Cost of Sales' (see note 9(b)).

32 Provision of Non Audit Services

The details of non-audit services and the applicable fees paid during the year ended 31 December 2021 were:

	2021 N' million	2020 N' million
i. Tax services	1.45	1.01
ii. Transfer pricing advisory services	0.97	0.84

33 Contingencies

There are no contingent liabilities in respect of litigation and claims for the Company as at 31 December 2021 (2020: Nil).

34 Subsequent events

On 25 March 2022, a dividend of 40 kobo per share was proposed by the directors for approval at the Annual General Meeting. There were no events after the reporting date that could have had a material effect on the consolidated and separate financial statements that have not been provided for or disclosed in these financial statements.

35 Operating segments

a. Basis of segmentation

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different process and marketing strategies. For each of the strategic business units, the Company's Management Committee review internal management reports on a weekly basis. The following summary describes the operations in each of the Company's reportable segments:

Reportable segments

Paints and allied products
Contract revenue
Investment property rental income

Operations

Manufacturing, distribution and selling of paints and allied products
Rendering of painting services
Rentals of trade shops and office spaces

The accounting policies of the reportable segments are described in Note 3(s).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Company's Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

b. Information about reportable segments

In thousands of naira

	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
31 December 2021					
External revenues	4,852,895	107,553	4,348	-	4,964,796
Finance income	-	-	-	24,056	24,056
Finance costs	-	-	-	(15,187)	(15,187)
Depreciation & amortisation	(238,997)	(214)	(20,786)	-	(259,997)
Net impairment loss on trade receivables	-	-	(8,145)	-	(8,145)
Reportable segment profit/(loss) before taxation	119,209	87,266	(24,583)	8,869	190,761

	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
31 December 2020					
External revenues	3,630,790	203,673	3,119	-	3,837,582
Finance income	-	-	-	16,398	16,398
Finance costs	-	-	-	(23,464)	(23,464)
Depreciation & amortisation	(229,786)	(197)	(21,099)	-	(251,082)
Impairment loss on trade receivables	-	-	(6,194)	-	(6,194)
Reportable segment profit before income taxation	134,651	108,439	(24,174)	(7,066)	211,850

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (Management Committee) on a regular basis. Therefore, information on segment assets and liabilities has not been presented.

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items

Revenues

There are no significant reconciling items between the reportable segment revenue and revenue for the year.

Profit or loss

In thousands of naira

	2021	2020
Total profit or loss for reportable segments	181,892	218,916
Unallocated finance income	24,056	16,398
Unallocated finance costs	(15,187)	(23,464)
Profit before minimum taxation	190,761	211,850

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2021

Other material items

There are no significant reconciling items between other material items for the reportable segments and Company total.

Major customer

Revenue from one customer does not represent up to 10% of the Company's total revenue. Therefore, information on major customers is not presented.



**OTHER
NATIONAL
DISCLOSURES**

VALUE ADDED STATEMENT

For the year ended 31 December 2021

In thousands of naira

	2021	%	2020	%
Revenue (Note 5)	4,964,796		3,837,582	
Finance Income (Note 7)	26,843		78,848	
Other income (Note 6)	77,320		47,093	
	5,068,959		3,963,523	
Bought in materials and services				
- Imported	(49,290)		(403,458)	
- Local	(3,847,278)		(2,317,058)	
Value added	1,172,391	100	1,243,007	100
Distribution of value added				
To Employees:				
Personnel expenses	686,092	58	718,128	57
To Providers of Finance:				
Interest on loans (Note 7)	35,626	3	61,949	5
To Government:				
Taxation (Note 11(a))	42,454	4	64,875	5
Minimum tax (Note 12)	12,672	1	947	0
Retained in the business as:				
Depreciation (Note 9(b))	243,486	21	243,372	20
Amortisation (note 15)	16,426	1	7,708	1
To augment reserve	135,635	12	146,028	12
	1,172,391	99	1,243,007	100

Value added is wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the creation of future wealth.

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2021

In thousands of naira

	2021	2020	2019	2018	2017
Funds employed					
Share capital	144,912	144,912	144,912	144,912	144,912
Share premium	635,074	635,074	635,074	635,074	635,074
Retained earnings	2,450,717	2,366,986	2,293,414	2,033,066	1,861,159
Shareholder's fund	3,230,703	3,146,972	3,073,400	2,813,052	2,641,145
Current liabilities	1,439,061	1,328,867	1,465,725	1,285,038	1,080,532
Non-current liabilities	440,905	496,033	527,324	437,209	589,747
	5,110,669	4,971,872	5,066,449	4,535,299	4,311,424
Assets employed					
Non current assets	3,064,279	3,212,821	3,292,840	2,889,175	2,729,446
Current assets	2,046,390	1,759,051	1,773,609	1,646,124	1,581,978
	5,110,669	4,971,872	5,066,449	4,535,299	4,311,424
In thousands of naira	2021	2020	2019	2018	2017
Revenue	4,964,796	3,837,582	3,584,804	3,377,223	3,012,648
Profit before minimum tax	190,761	211,850	551,561	454,328	339,456
Profit before tax	178,089	210,903	533,099	454,328	339,456
Profit for the year	135,635	146,028	448,733	320,509	246,276
Other comprehensive income, net of tax	-	-	-	-	18,974
Declared dividend	115,929	72,456	188,385	144,912	144,912
Per 50k share data:					
Basic and diluted earnings per share (kobo)	47	50	50	111	85
Declared dividend per share (kobo)	40	25	25	50	50
Net assets per share (kobo)	11	11	11	10	9

SHAREHOLDERS' INFORMATION

SUBSTANTIAL INTEREST IN SHARES

1. The Registrars have confirmed that according to the Register of Members, the following shareholders held 5% and above of the issued share capital of the Company as at 31st December, 2021

S/N	Member	Holding	%
1	CAB (OVERSEAS HOLDINGS) LIMITED	16,315,506	5.63
2	JUREWA INVESTMENTS LTD	16,685,111	5.76
3	MIKEADE INVESTMENTS CO.LTD	19,196,095	6.62
4	ALEMAJE AND COMPANY LIMITED	16,315,506	5.63
5	HARMONY TRUST & INV CO. LTD	20,000,000	6.9
	Total	88,512,218	30.54

2. Active Shareholding Analysis as at 31st December, 2020

RANGE			HOLDERS	HOLDERS %	UNITS	UNITS %
1	-	1,000	15,055	42.70	6,982,013	2.41
1,001	-	5,000	16,097	45.66	30,932,944	10.67
5,001	-	10,000	2,116	6.00	14,789,580	5.10
10,001	-	50,000	1,574	4.46	31,023,804	10.70
50,001	-	100,000	204	0.58	14,659,934	5.06
100,001	-	500,000	169	0.48	34,908,515	12.04
500,001	-	1,000,000	21	0.06	14,145,411	4.88
1,000,001	-	5,000,000	11	0.03	20,135,201	6.95
10,000,001	-	ABOVE	8	0.02	122,246,045	42.18
	-		35,255	100.00	289,823,447	100.00

SHAREHOLDERS' INFORMATION (CONT'D)

DIVIDEND HISTORY

Members are hereby informed that Berger Paints Nigeria Plc. declared the following dividends between 1995 and 2020.

Payment No.	Type	Date Declared
22	FINAL	6/7/1995
23	FINAL	6/4/1996
24	FINAL	6/3/1997
25	FINAL	6/2/1998
26	FINAL	6/1/1999
27	FINAL	6/6/2000
28	FINAL	6/5/2001
29	FINAL	6/4/2002
30	FINAL	6/3/2003
31	FINAL	6/2/2004
32	FINAL	6/8/2005
33	FINAL	6/16/2009
34	FINAL	6/8/2010
35	FINAL	6/30/2011
36	FINAL	7/3/2012
37	FINAL	5/14/2013
38	FINAL	7/22/2014
39	FINAL	7/21/2015
40	FINAL	6/9/2016
41	FINAL	5/18/2017
42	FINAL	7/6/2018
43	FINAL	5/24/2019
44	FINAL	6/24/2020

UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Notice is hereby given to our shareholders that some dividends have remained unclaimed as the registrars' records indicate. Many share certificates have also been returned as unclaimed because the addresses on them could not be traced or the shareholders had changed their addresses without informing the registrars.

The affected shareholders are requested to contact Meristem Registrars, who have informed us that they are e-dividend payment ready. Shareholders are kindly requested to take advantage of this to reduce the unclaimed dividend problems and in accordance with the directive from the Securities and Exchange Commission.

For more information please contact:

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

P.O. Box 51585, Ikoyi, Lagos.

Phone: 01-8920491-2, 0700MERIREG

Email: info@meristemregistrars.com

Website: www.meristemregistrars.com

SHAREHOLDERS' INFORMATION (CONT'D)

SCHEDULE OF UNCLAIMED DIVIDEND

S/N	Dividend Payment No	Date Declared	Payment Date	Type	Amount Declared (₦)	Dividend Per Share (₦)	Unclaimed Dividend (₦)
1	33	6/17/2009	6/17/2009	FINAL	65,210,275.50	30K	8,950,900.10
2	34	6/9/2010	6/9/2010	FINAL	108,683,792.50	50K	16,381,676.77
3	35	7/4/2011	7/4/2011	FINAL	152,157,309.50	70K	39,801,312.97
4	36	7/4/2012	7/4/2012	FINAL	152,157,309.50	70K	25,162,076.93
5	37	5/21/2013	5/21/2013	FINAL	152,157,309.50	70K	36,258,434.28
6	38	7/22/2014	7/22/2014	FINAL	202,876,512.90	70K	29,521,930.11
7	39	7/21/2015	7/23/2015	FINAL	217,367,585.25	75K	32,452,830.08
8	40	6/9/2016	6/13/2016	FINAL	217,367,585.25	75K	37,845,366.89
9	41	5/18/2017	5/23/2017	FINAL	144,911,773.50	50K	27,332,364.90
10	42	7/6/2018	6/8/2018	FINAL	144,911,723.50	50K	38,476,936.56
11	43	5/24/2019	5/24/2019	FINAL	188,385,240.55	65K	49,770,186.90
12	44	6/24/2020	6/25/2020	FINAL	72,455,861.75	25K	30,865,995.20

SHARE CAPITALIZATION HISTORY

Date	Authorised Shares		Issued and Fully Paid Shares		Consideration
	Value (₦)	Shares	Value (₦)	Share	
1/9/1959	500,000	500,000	*****	*****	Initial share capital
4/27/1961	500,000	500,000	50,000	50,000	Goodwill
2/10/1962	500,000	500,000	437,514	427,514	cash
6/27/1972	1,600,000	3,200,000	427,514	875,028	Increase in authorised share capital
8/1/1972	1,600,000	3,200,000	531,514	1,063,028	Asset purchased
12/21/1972	1,600,000	3,200,000	863,704	1,727,408	Bonus (2:3)
5/25/1976	6,000,000	12,000,000	863,704	1,727,408	Increase in authorised share capital
5/27/1980	7,200,000	14,400,000	7,200,000	14,400,000	Bonus (1:2)
6/12/1986	10,800,000	21,600,000	10,800,000	21,600,000	Bonus (1:2)
5/30/1989	16,200,000	32,400,000	16,200,000	32,400,000	Bonus (1:2)
5/29/1990	21,600,000	43,200,000	21,600,000	43,200,000	Cash
5/27/1992	58,200,000	116,400,000	36,600,000	73,200,000	cash
5/7/1995	76,500,000	153,000,000	54,900,000	109,800,000	Bonus (1:2)
6/1/1999	109,800,000	219,600,000	94,382,467	188,764,934	Rights Issue (1:3)
6/1/1999	109,800,000	219,600,000	94,382,467	188,764,934	Public Offer
6/5/2001	109,800,000	219,600,000	108,683,793	217,367,585	Bonus (1:7)
6/1/2004	160,000,000	320,000,000	108,683,793	217,367,585	Increase in authorised share capital
7/8/2008	400,000,000	800,000,000	108,683,793	217,367,585	Increase in authorised share capital
11/18/2013	400,000,000	800,000,000	144,911,724	289,823,447	Rights Issue (1:3)

SHAREHOLDERS' INFORMATION (CONT'D)

Consolidation Of Accounts

Dear Shareholders:

Records with our Registrars and as revealed by the Register of Members show that some members have more than one accounts in their names. This situation may have arisen as a result of multiple applications made during new issues or as a result of purchases made through the Stock Market. Servicing these accounts is a huge administrative problem resulting in avoidable costs e.g. postages, maintenance, issuance of certificates, etc. These ultimately have an impact on the profit of your Company.

The Company appeals to you to make efforts to consolidate your multiple accounts, more especially to facilitate the operations and to save the Company costs. We ask for your co-operation in this respect. Please complete the Consolidation Request Form below and send it to the Registrars, Meristem Registrars Limited.

Kindly state in your request for consolidation the names/addresses of those persons you bought shares for during any public offers by the Company and at the secondary market besides yourself i.e. your children, grandchildren, etc. Certificates should not be forwarded.

Tear off from here

CONSOLIDATION OF ACCOUNTS FORMS

S/N	Name	Address	Units of Shares	Cert. No.	A/C No.	Date Issued
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Shareholder's Signature: _____ **Date:** _____

Affix Postage Stamp _____

CSR /CORPORATE EVENTS DURING THE YEAR



Repainting of Nigeria Red Cross Primary health Care Center, Makoko, Yaba, Lagos December, 2021



CSR /CORPORATE EVENTS DURING THE YEAR (CONT'D)



Donation of Food item to Heart of Gold Children's Hospice, Surulere to celebrate the yuletide season with the children, December 2021



BERGER BUSINESS PARTNERS

SN	Location	Name	Address	Phone
1.	Aba	Agba Akin Enterprise	88/90 Aba Owerri Road, Abia State	08037217402
2.	Abeokuta	Tomitz Integrated Service Ltd	Laffro House, beside Hassan Furniture, Moshood Abiola Way, Abeokuta, Ogun State.	08077423937, 08158867617
3.	Abuja 1	Khafadez Resources Ltd.	6, Alexandria Crescent, Wuse II, Beside Berger Plaza, F.C.T. Abuja	07031720041
4.	Abuja 2	Khafadez Resources Ltd.	Shop 7, Opposute Lorry Park, Deidei, building materials, Abuja FCT	07031779332, 07031720041
5.	Abuja 3 - Garki	Luvi Nig. Ltd.	Samuel Iadoko Akintola Street, POWA Plaza by old CBN, Garki 2, Abuja	09062099920
6.	Abuja 4 - City Gate	Khafadez Resources Ltd	RANO Plaza, A A Rano Filling Station, Plot 603, Kukuaba District, City Gate Abuja	07031720041
7.	Abuja 5 - Gwarinpa	Opa Global Ltd	Anafara Plaza, first avenue, opposite Oando filling Station, Gwarinpa Estate, Abuja	08080058308, 09062523810
8.	Agbor	De-Ama Ventures	Imafidonia Plaza, 203 Old Lagos-Asaba Road by Owa-Ekei junction, Boji-Boji, Owa Agbor, Delta State.	09031611023, 09026636900
9.	Akure	FFB Ventures Ltd	102, Oyemekun Rd, opposite Oyemekun Grammar School Akure	07031720051, 08063194161
10.	Asaba	De Ama Ventures	No. 379, Nnebisi Road, Asaba, Delta State	09062099917
11.	Bauchi	Gimex Ltd	Shop 40 & 41 Powa Shopping Complex Along Dass road, Yewa, Bauchi, Bauchi State.	07057311237, 08037324100
12.	Benin	Tesan Technical	27, Murtala Mohammed Way, Benin City, Edo State	08035030263
13.	Calabar	Great AJFC Nig. Ltd.	14, Murtala Mohammed Way, Calabar	08033061825, 07031720042, 08055349686, 08055554820
14.	Calabar 2	Great AJFC Nig. Ltd.	Plot 214, First Avenue, State Housing Estate, Calabar	08033061825, 07031720042, 08055349686, 08055554820
15.	Ekiti	Fomkab Ventures	11 Federal Housing Estate, Along Afao Road, Ado Ekiti	08068873214
16.	Enugu	Synopsis Global Network Ltd.	No. 33, Abakaliki Road, GRA, Enugu	09062099919

BERGER BUSINESS PARTNERS (CONT'D)

SN	Location	Name	Address	Phone
17.	Ibadan 1	Arigbamu Ogo Oluwa	1, Azeez Aina Street, Off Ring Road, Ibadan, Oyo State	07031720043
18.	Ibadan 2	Arigbamu Ogo Oluwa	Inside Debistol Oil, Olopomeji Bus Stop, Opposite Wetlands Hotel, Akobo, Ibadan, Oyo State	07031720043
19.	Ibadan 3	Arigbamu Ogo Oluwa	Plot 3, Ajokaka, ElebuMarket Road, Elebu, Ibadan	07031720043
20.	Ilorin	Everstplus Limited	No 4, Ifelodun Street, Off Asa Dam Road, Offa Garage, Ilorin	07031720077
21.	Jos	Splendid TSY Nig. Ltd.	1A, Constitution Hill Road, Opposite Pirelli Tyres, Jos, Plateau State	07031720046
22.	Kaduna	De-Joescon Enterprise	1440, Kachia Road, Kaduna, Kaduna State	07031720045
23.	Kano	Aikawa General Merchants	4, Ajasa Street, Off Civic Centre Road, Kano State	08131758058
24.	Kano 2	Aikawa General Merchants	No 19, Murtala Mohammed Way, Kano State	08131758058
25.	Lagos 1 - Ikeja	Sowerscreed Ventures	102, Oba Akran Avenue, Ikeja Industrial Estate	08033030157
26.	Lagos 2 - Lekki/Ajah	Spinetti Multiservice GlobalCo. Ltd	KM 16, Lekki Epe Expressway Osapa London (Beside Skye Bank)	08096555115
27.	Lagos 3 - Ibeju/Epe	Ladii Ventures	KM 30, Lagos Epe Expressway Casia Estate, Abijo GRA	08172452822 , 07031779324
28.	Lagos 4 - Lagos /Ibadan Express	Moyinson Ltd	Berger Place, Along Lagos-Ibadan Express Way, beside Lagos State Accident & Emergency Office	07031343157
29.	Lagos 5 - Ikorodu	Forty40 Intl. Ltd.	No. 16, TOS Benson Road, Ebute Ikorodu, Lagos	09062099918, 08069813232
30.	Lagos 6 - Allen	Sowerscreed Ventures	91 Allen Avenue, Ikeja Lagos	08033030157
31.	Lagos 7 - Festac	Sowerscreed Ventures	Plot 3,Block 18b Amuwo Odofin by Apple Junction, Lagos	08033030157
32.	Lagos 10 - Surulere	Forty40 Int'l Ltd	127, Ogunlana Drive, Surulere	09062099918, 08069813232
33.	Lagos 11 - Victoria Island	Kerae Industries Ltd	N0.1 -7 Muri Okunola Street Victoria Island.	

BERGER BUSINESS PARTNERS (CONT'D)

SN	Location	Name	Address	Phone
34.	Maiduguri	Kawu Tijani & Sons Ltd.	105, Baga Road, Maiduguri, Borno State	08037012975
35.	Gombe	Bani Aliyu Ltd	Shop No:1 &2 Doho Plaza Beside Tumfure Labour Quarters Gombe, Gombe State	08035790297
36.	Minna	Khafadez Resources Ltd.	SM3, Ahamadu Bahago Plaza, Tunga, Minna	07031720041
37.	Nasarawa	Khafadez Resources Ltd.	Suite 31,Power Complex by police Clinic Opposite APC Secretariat, Jos Road, Lafia, Nasarawa	07031720041
38.	Nasarawa 2	Khafadez Resources Ltd.	Suite A001 Emmado Plaza, Sharp Corner, Maraba, Nasarawa State.	07031720041
39.	Onitsha	Amor Dei West Africa	104, Akwa Road, Onitsha, Anambra State	08033138220
40.	Onitsha 2	Amor Dei West Africa	KM 20, Enugu/Onitsha Express Road, Opp, Crunches Eatery, Unizik Junction, Awka.	08033138220
41.	Onitsha 3	Amor Dei West Africa	No 35, Blossom Plaza, Onitsha Owerri Road Nnewi	08033138220
42.	Oshogbo	H-Pola Foundation	Beside Iyana Camp, Opposite NNPC, Ota Efun, Ikirun Road, Oshogbo-Osun State	08139690055
43.	Owerri	Lato Universal	51/65 Mbaise Road, by Wetheral/Fire Service Roundabout, Owerri	08034458797
44.	Port Harcourt	Parttracker Ltd.	42 Old Aba Road by Artillery Junction, Port Harcourt	07031720047
45.	Port Harcourt 2	Tesan Optimum	No 70, Ordinance Road, Trans - Amadi Industrial Layout, Port Harcourt, River State	08131758060
46.	Sokoto	Acu Integral Concept Ltd.	No.101, Gidan Dare, Sokoto	08030431035, 08102164858
47.	Suleja	Splendid TSY Nig. Ltd.	Shop 8, Kwakwansh Plaza, Mandalla Road, Suleja, Niger State	07031720046, 08080058308
48.	Uyo	Sal-Aadis Global Resources	No 51, Ikot Ekpene Road	08065260072
49.	Warri	Tesan Technical	111, Warri-Effurun Road, Warri, Delta State	08035030263
50.	Warri 2	Tesan Technical	Km 5, Refinery Road, Warri Delta State	08035030263

MAJOR SUPPLIERS

1. Major Local Suppliers:

- | | |
|------|--|
| 1.1. | Chemours Intl Operations |
| 1.2 | Clayton Finance Ltd. |
| 1.3 | G. Koepcke & Co. Gmbh |
| 1.4 | Hazel Middle East |
| 1.4 | Lewis Berger Intl. Supplies Ltd (United Kingdom) |
| 1.5 | Quimidroga Sarl |
| 1.6 | The National Titanium Dioxide Company Ltd. (Cristal) |

2. Major International Suppliers:

- | | | | |
|----|--------------------------------------|----|--------------------------------------|
| 1 | Amoke Oluwo & Sons | 21 | Nampak Nig. Plc |
| 2 | Avery Nigeria Limited | 22 | Nikky Ventures |
| 3 | Avon Crowncaps & Containers Nig. Plc | 23 | Nycil Ltd. |
| 4 | Carose Nigeria Limited | 24 | Onokeno Business Venture |
| 5 | Chizzy Nig Ltd. | 25 | Orkila Chemicals Limited |
| 6 | Cormat Nig Ltd. | 26 | Phobica Chemicals Ltd. |
| 7 | Dafe Industries Ltd. | 27 | Regatta Industries Ltd. |
| 8 | Didoboss International Company | 28 | Remfemlaby Nig Enterprises |
| 9 | Emychem Nigeria Limited | 29 | Robinson Ventures Ltd. |
| 10 | Eurobridge Ind. Ltd. | 30 | Samking Chemical Ltd. |
| 11 | Falcon Chemicals Ltd. | 31 | Shokay Resource Ventures |
| 12 | Festo-Chem Ventures | 32 | Somaluck Chemical & Products Venture |
| 13 | Glister Success Ltd. | 33 | Sowis Energy Limited |
| 14 | Jo-Noble Chem. Ltd. | 34 | Sudunni Nig Ltd. |
| 15 | Lexcel Products & Packaging Ltd. | 35 | The Freedom Group Ltd. |
| 16 | Logata Point Services Limited | 36 | Trisa Nig. Ltd. |
| 17 | Mathsix Mega Investment Ltd. | 37 | Wahum Pkg Ltd. |
| 18 | Melvyn Nickson Nigeria Limited | 38 | Whitex Industries (Nigeria) Limited |
| 19 | Metoxide (Nigeria) Ltd. | 39 | Yadell Global Ventures |
| 20 | Nagode Industries Ltd. | 40 | Zadema Ventures |

**Affix
Current
Passport**

(To be stamped by Bankers)

Write your name at the back of
your passport photograph

**This service costs ₦150.00 per
approved Mandate per Company.**



E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

Only Clearing Banks are acceptable

The Registrar

Meristem Registrars And Probate Services Limited
213, Herbert Macaulay Way
Adekunle-Yaba
Lagos State

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank account detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company's Name First Name Other Names

Address:

City State Country

Previous Address (If address has changed)

CHN CSCS A/c No

Name of Stockbroker

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint/Company's Signatories

TICK	NAME OF COMPANY	SHARE A/C NO
	AFRINVEST EQUITY FUND	
	BERGER PAINTS NIG PLC	
	CEAT FIXED INCOME FUND	
	CITITRUST HOLDINGS PLC	
	CONOIL PLC	
	CONSOLIDATED HALLMARK INS. PLC	
	CUSTODIAN INVESTMENT PLC	
	COVENANT SALT NIGERIA LIMITED	
	EMPLOYEE ENERGY LIMITED	
	ENERGY COMPANY OF NIGERIA PLC [ENCON]	
	eTRANZACT INTERNATIONAL PLC	
	FBN HOLDINGS PLC	
	FIDSON HEALTHCARE PLC	
	FOOD CONCEPTS PLC	
	FREE RANGE FARMS PLC	
	FTN COCOA PROCESSORS PLC	
	GDL INCOME FUND	
	GEO-FLUIDS PLC	
	INTERNATIONAL ENERGY INSURANCE PLC	
	INTERNATIONAL TOBACCO COMPANY LIMITED	
	JUBILEE LIFE MORTGAGE BANK LTD	
	MAMA CASS RESTAURANTS LIMITED	
	MCN DIOCESE OF REMO	
	MCN LAGOS CENTRAL	
	MCN TAILORING FACTORY [NIGERIA] LIMITED	
	MULTI-TREX INTEGRATED FOODS PLC	
	NASSARAWA STATE GOVT BOND	
	NASCON ALLIED INDUSTRIES PLC	
	NEIMETH INT'L PHARMS PLC	
	NEWRESTASL NIGERIA PLC	
	NIGER INSURANCE PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY [NMRC] PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY PLC [NMRC] BOND	
	ONWARD PAPER MILLS PLC	
	PACAM BALANCED FUND	
	PAINTCOM INVESTMENT PLC	
	PROPERTYGATE DEVT. & INVEST. PLC	
	RADIX HORIZON FUND	
	R.T. BRISCOE NIGERIA PLC	
	REGENCY ALLIANCE INSURANCE PLC	
	SMART PRODUCTS NIGERIA PLC	
	SOVEREIGN TRUST INSURANCE PLC	
	TANTALIZERS PLC	
	THOMAS WYATT PLC	
	VITAFIAM NIGERIA PLC	
	ZENITH EQUITY FUND	
	ZENITH ETHICAL FUND	
	ZENITH INCOME FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-2809250-4



Meristem Registrars And Probate Services Limited

Web: www.meristemregistrars.com; email: info@meristemregistrars.com

Mail to:

MERISTEM REGISTRARS AND
PROBATE SERVICES LIMITED
213, HERBERT MACAULAY WAY,
ADEKUNLE, YABA, LAGOS STATE.
P.O. BOX 51585, FALOMO, IKOYI,
LAGOS STATE

PROXY FORM

For the sixty-second (62nd) Annual General Meeting (AGM) of Berger Paints Nigeria Plc. to be held by Proxy at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Thursday May 19, 2022 at 10:00 a.m., or so soon thereafter.

I/We
(Name of Shareholder in block letters)

The undersigned, being a member of the above-named Company hereby appoint the following person:

SN	Name	Designation	Proxy Choice
1.	Mr Abi Ayida	Chairman	
2.	Mr Kunle Olowokande	Non-Executive Director	
3.	Mrs Bisi Bakare	Shareholder Rep	
4.	Sir Sunny Nwosu	Shareholder Rep	
5.	Mr Timothy Adesiyon	Shareholder Rep	
6.	Mr. Lawrence Oguntoye	Shareholder Rep	

or failing him/her, the Chairman of the meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday May 19, 2022 and at any adjournment thereof."

Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit.

Dated this Day of..... 2022

Signature

NOTES:

- This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy thereof, should be completed and deposited at the office of the Company's Registrars, Meristem Registrars and Probate Services Limited (Registrars), at 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State, or via email to info@meristemregistrars.com, not later than 48 hours before the time of holding the meeting.
- In the case of joint holders, the signature of anyone of them will suffice, but the names of all joint holders should be shown.
- It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (not adhesive postage stamps) from the Stamp Duties Office. The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

ADMISSION FORM

For the sixty-second (62nd) Annual General Meeting (AGM) of Berger Paints Nigeria Plc. to be held virtually at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Thursday, May 19, 2022, at 10:00 a.m.

*Name of Shareholder _____

*Name of Proxy (pick from list above) _____

A member (shareholder) entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of him. A Proxy need not be a member. The above proxy form has been prepared to enable you exercise your right to vote.

IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a member of the Company or not.

For the Registrar's use only:

No. of shares held _____

	Resolution	For	Against
We desire this proxy to be used in favor of/ or against the resolution as indicated alongside.	1] To receive the 2021 Audited Financial Statements and Accompanying Reports		
	2] To declare a Dividend of 40 Kobo per share		
	3a] To elect Mr Raj Mangtani as Director		
	3b] To elect Mrs. Ogechi Iheanacho as Director		
	4] To Authorize Directors to fix the remuneration of the Auditors.		
	5] To disclose the remuneration of the Managers of the Company.		
	6] To elect members of the Audit Committee.		
	7] To approve the renewal of General Mandate on recurring related Party Transactions		
	8] To Approve a reduction in share capital by cancellation of unissued shares and take necessary steps to amend Memart accordingly		
9] To amend Articles 48, 51, 53 & 80 and authorize the Board to do incidental actions to give effect to the amendments			
Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.			

Mail to:


MERISTEM REGISTRARS AND
PROBATE SERVICES LIMITED
213, HERBERT MACAULAY WAY,
ADEKUNLE, YABA, LAGOS STATE.
P.O. BOX 51585, FALOMO, IKOYI,
LAGOS STATE

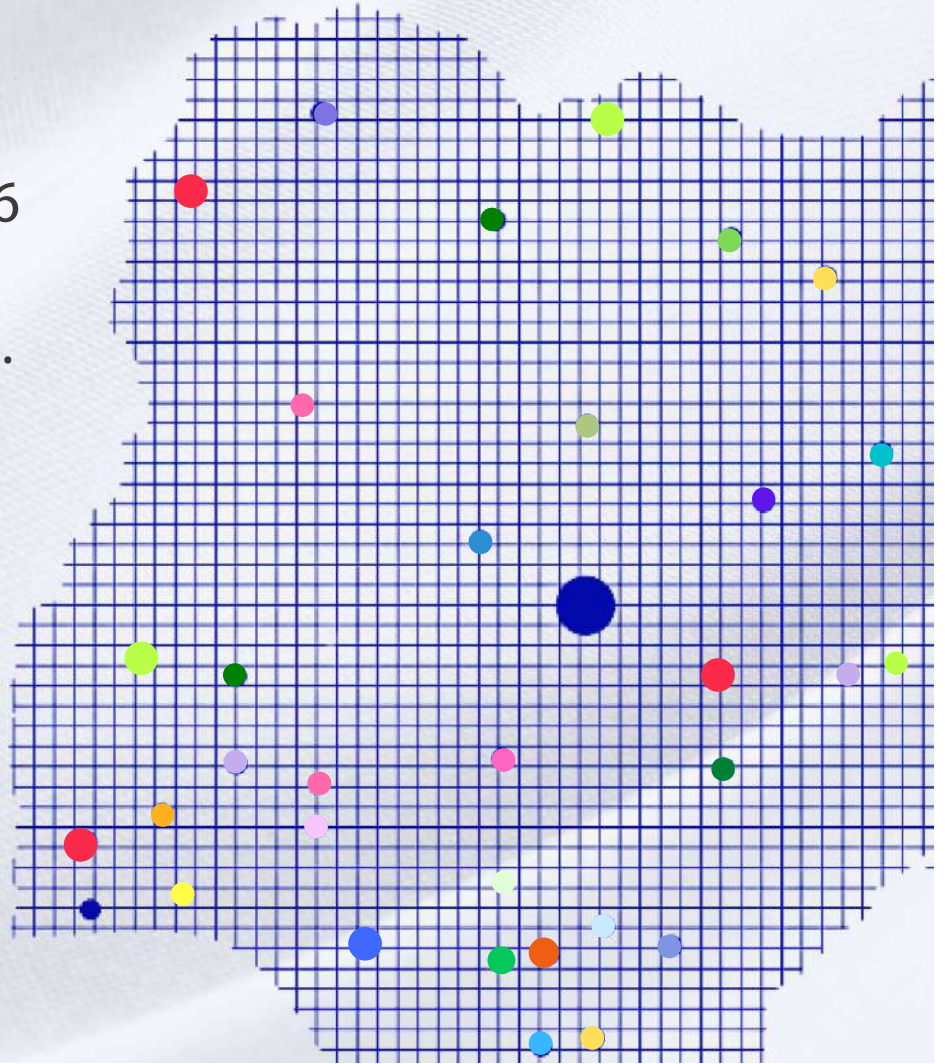
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