

**JEBBA PAPERS MILLS LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**JEBBA PAPERS MILLS LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021**

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# JEBBA PAPER MILLS LIMITED

## CORPORATE INFORMATION

### 1 BOARD OF DIRECTORS

Shirish Mehta  
Anup Kumar Drolia  
Kumar Dinesh

### 2 REGISTERED OFFICE

21/23, Abimbola Street  
Isolo Industrial Estate  
Isolo  
Lagos

### 3 HEAD OFFICE

21/23, Abimbola Street  
Isolo Industrial Estate  
Isolo  
Lagos

### 4 SECRETARIES

Prime Secretaries Limited  
21, Alao Street  
Ajao Estate  
Lagos.

### 5 AUDITORS

Messrs Opone Johnson & Co.  
(Chartered Accountants)  
21, Alao Street  
Ajao Estate  
Lagos.

**JEBBA PAPER MILLS LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2021**

The Directors are pleased to present their Report and the Audited Financial Statement for the year ended December 31,2021 in compliance with the requirement of the Companies and Allied Matters CAP C20 LFN 2004.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activities of the Company continued to be the manufacture and sale of kraft paper.

**RESULTS AND DIVIDENDS**

The company achieved a turnover of N13.3 billion with operating profit after tax N4.3 million for the year ended 31st December, 2021.

No dividend has been proposed for declaration at the 2021 AGM to consider the annual accounts for the year ended 31st December, 2021.

**DIRECTORS**

The names of the Directors who held office during the year and at the date of this report are as follows:

Mr. Shirish Mehta	(Indian)
Mr Anup Kumar Drolia	(Indian)
Mr.Dinesh Kumar	(Indian)

**DIRECTORS' INTEREST IN SHARES**

Interest of the directors who held office at 31 December, 2021 in the shares of the Company are stated below:

Mr. Shirish Mehta	One unit of share.
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**SHAREHOLDING STRUCTURE**

The Company's shares are held by the underlisted Shareholders as at 31st December,2021.

	No of Shares	%	Status
MINL Limited	299,999,999	100%	Indigenous
Mr Shirish Mehta	1	0%	Resident
	<u>300,000,000</u>	<u>100%</u>	

Mr. Shirish Mehta was nominated to hold one hundred unit of shares on behalf of MINL Limited.

**JEBBA PAPER MILLS LIMITED  
DIRECTORS' REPORT (Continued)  
FOR THE YEAR ENDED 31ST DECEMBER 2021**

**EMPLOYEES INVOLVEMENT AND TRAINING**

The company continues to maintain effective communication with all employees, while involving them where necessary on decisions that affect their career development. It is the policies of management to hold regular meetings with representatives of the employees to discuss issues relating to welfare and the improvement of the working conditions.

It is the company's policy to train and up-grade the skills of its employees for the better career development with the company.

**EMPLOYMENT OF DISABLED PERSONS**

The company does not discriminate against individuals by reason of disability .

**HEALTH AND SAFETY**

The company provides medical services to employees. All factory safety standards are met by the company and these include provision of fire fighting equipment,adequate protective clothings, foot wears and training of staff in fire fighting exercise.

**AUDITORS**

The Auditors, Messrs Opone Johnson & Co Chartered Accountants, having indicated their willingness will continue in office as the company's Auditors in in accordance with section 357(2) of the Company and Allied Matters Acts CAP C20 LFN 2004.

Dated this on the 6th Day of May,2022

**By Order of the Board  
PRIME SECRETARIES LIMITED  
Secretaries**



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**FERDINARD-OLUFEMI ADEOLA  
FRC/2018/NBA/00000018361**

**JEBBA PAPER MILLS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

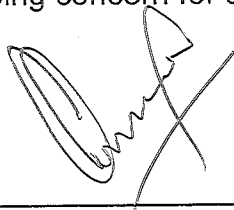
The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the period. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and International Financial Reporting Standards;
- b) establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepare its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act No. 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company for the year ended 31 December 2021. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.



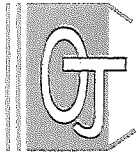
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**Director**



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**Director**



**OPONE JOHNSON & CO.**  
*Chartered Accountants*

Corporate Head Office:  
Kings Tower, 1st Floor, 35 Alfred Rewane Road, Ikoyi, Lagos.  
Branch Office:  
8, Oladipo Diya Street, 2nd Avenue Estate, off Osborne Road,  
Ikoyi, Lagos.  
21, Alao Street, off Osolo Way, Ajao Estate, Lagos.  
Tel: 0810 239 6804, 0803 301 7060.  
E-mail: [oponejohnson@yahoo.com](mailto:oponejohnson@yahoo.com)  
[info@oponejohnsonandco.ng](mailto:info@oponejohnsonandco.ng)  
Website: [www.oponejohnsonandco.ng](http://www.oponejohnsonandco.ng)

JOHNSON OPONE ACTI, FCA - MANAGING PARTNER  
ABDULLAHI OKE ACTI, FCA

FELICIA OMUBO-DEDE ACTI, BSC, MBA, FCA  
TITILOPE OMOKUNGBE ACTI, ACA

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**JEBBA PAPER MILLS LIMITED**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of *Jebba Paper Mills Limited* which comprise the statement of financial position as at 31<sup>st</sup> December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Law of the Federation of Nigeria 2020 and in compliance with the Financial Reporting Council Act, No. 6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

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

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

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

**OPINION**

In our opinion, the financial statements give a true and fair view of the financial position of *Jebba Paper Mills Limited* as at 31<sup>st</sup> December, 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Law of the Federation of Nigeria 2020 and in compliance with the Financial Reporting Council Act, No. 6, 2011.



OPONE JOHNSON & CO.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

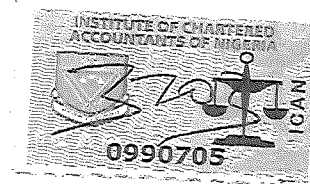
**JEBBA PAPER MILLS LIMITED - Continued**

**REPORT ON THE ENABLING ACT AND REGULATORY REQUIREMENTS**

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2020, we confirm that,

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- 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.

**CHIEF J. OPONE FCA.**  
FRC/2013/ICAN/00000004846  
**OPONE JOHNSON & CO.**  
(Chartered Accountants)  
LAGOS – NIGERIA



May 6, 2022




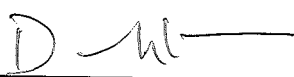
**JEBBA PAPER MILLS LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

Non-current assets	Note	31/12/2021 N'000	31/12/2020 N'000
Property, plant and equipment	11	542,091	684,617
Investments	12	475	3,021,744
<b>Total non-current assets</b>		<u><b>542,566</b></u>	<u><b>3,706,361</b></u>
<b>Current assets</b>			
Inventories	14	188,954	695,367
Trade and other receivables	15	2,057,708	1,497,180
Other assets	13	23,457	14,854
Investment - Short term	16 a	10,016,691	1,631,437
Cash and cash equivalents	16 b	2,252,856	1,620,916
<b>Total current assets</b>		<u><b>14,539,667</b></u>	<u><b>5,459,753</b></u>
<b>Total assets</b>		<u><u><b>15,082,233</b></u></u>	<u><u><b>9,166,114</b></u></u>
<b>Equity</b>			
Share capital	19	300,000	300,000
Other Reserves		(4,737)	(9,746)
Retained earnings		11,678,085	7,389,983
<b>Total equity attributable to owners of the company</b>		<u><u><b>11,973,349</b></u></u>	<u><u><b>7,680,236</b></u></u>
<b>Non-current liabilities</b>			
Retirement benefit obligation	21	51,500	49,394
Deferred Tax Liability	10.2	92,469	121,015
<b>Total non-current liabilities</b>		<u><u><b>143,968</b></u></u>	<u><u><b>170,410</b></u></u>
<b>Current liabilities</b>			
Trade and other payables	18	840,802	900,721
Borrowings	17	258,087	95,968
Taxation	10.2	1,866,027	318,779
<b>Total current liabilities</b>		<u><u><b>2,964,916</b></u></u>	<u><u><b>1,315,468</b></u></u>
<b>Total liabilities</b>		<u><u><b>3,108,884</b></u></u>	<u><u><b>1,485,878</b></u></u>
<b>Total equity and Liabilities</b>		<u><u><b>15,082,233</b></u></u>	<u><u><b>9,166,114</b></u></u>

The financial statements were approved by the board of directors and authorised for issue on the 6th day of May 2022. They were signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**JEBBA PAPER MILLS LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	31/12/2021 N'000	31/12/2020 N'000
Revenue	5	13,324,810	6,069,440
Cost of sales	6	<u>7,158,478</u>	<u>4,752,787</u>
<b>Gross profit</b>		<b>6,166,332</b>	<b>1,316,653</b>
Administrative expenses	8	<u>563,919</u>	<u>432,230</u>
<b>Operating profit</b>		<b>5,602,413</b>	<b>884,422</b>
Other income	7	664,152	330,562
Finance cost	9	<u>(143,129)</u>	<u>(19,947)</u>
<b>Profit before tax</b>		<b>6,123,436</b>	<b>1,195,037</b>
Taxation	10.1	<u>1,835,333</u>	<u>279,299</u>
<b>Profit after taxation on continuing operations</b>		<b><u>4,288,102</u></b>	<b><u>915,738</u></b>
<b>Other Comprehensive Loss</b>			
Actuarial Gain/Loss		7,157	(13,189)
Deferred Tax		<u>(2,147)</u>	<u>3,957</u>
<b>Total other comprehensive Loss</b>		<b><u>5,010</u></b>	<b><u>(9,232)</u></b>
<b>Total comprehensive income</b>		<b><u><u>4,293,112</u></u></b>	<b><u><u>907,470</u></u></b>

**JEBBA PAPER MILLS LIMITED**

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 N'000	2020 N'000
<b>Cashflow from operating activities</b>			
Cash receipt from customers		12,820,453	5,732,779
Cash paid to suppliers and employees		<u>(7,299,273)</u>	<u>(4,935,887)</u>
Cash generated from operations		5,521,180	796,892
Income taxes paid	10	<u>(318,779)</u>	<u>(132,140)</u>
<b>Net cash generated by operating activities</b>		<b><u>5,202,401</u></b>	<b><u>664,752</u></b>
<b>Cashflow from investing activities</b>			
Purchase of property, plant and equipment		-	(556)
Interest Income		644,032	378,983
Investment in treasury Bills and Bonds		<u>(5,363,985)</u>	<u>(1,680,000)</u>
<b>Net cash generated by investing activities</b>		<b><u>(4,719,953)</u></b>	<b><u>(1,301,574)</u></b>
<b>Cashflow from financing activities</b>			
Loans (new/repaid)		162,119	(24,917)
Interest paid		<u>(12,630)</u>	<u>(8,076)</u>
<b>Net cash generated by financing activities</b>		<b><u>149,489</u></b>	<b><u>(32,993)</u></b>
Net increase/(decrease) in cash and cash equivalents		631,937	(669,815)
Cash and cash equivalents at beginning of year		<u>1,620,919</u>	<u>2,290,734</u>
<b>Cash and cash equivalents at end of year</b>	16 b	<b><u>2,252,856</u></b>	<b><u>1,620,919</u></b>

**JEBBA PAPER MILLS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital N'000	Other Reserves N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2020	300,000	(514)	6,474,245	6,773,731
Profit for the year	-	-	915,738	915,738
Other comprehensive income	-	(9,232)	-	(9,232)
<b>Balance at 31 December 2020</b>	<b>300,000</b>	<b>(9,746)</b>	<b>7,389,983</b>	<b>7,680,236</b>
Profit for the year	-	-	4,288,102	4,288,102
Other comprehensive income	-	5,010	-	5,010
<b>Balance at 31 December 2021</b>	<b>300,000</b>	<b>(4,737)</b>	<b>11,678,085</b>	<b>11,973,349</b>

## JEBBA PAPER MILLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1. Description of business

Jebba Paper Mills Limited was incorporated in Nigeria as a private limited liability company.

The principal activities of the Company continued to be the manufacture and sale of kraft paper.

#### 1.1 Composition of financial statements

The financial statements are drawn up in Naira, the functional currency of Jebba Paper Mills Limited in accordance with International Financial Reporting Standards (IFRS). These are the company's financial statements prepared under IFRS and comprise:

- Statement of profit or loss and other comprehensive Income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements.

#### 1.2 Basis of preparation

The financial statements have been prepared using the historical cost convention as stated in the accounting policies.

#### 1.3 Financial period

These financial statements cover the financial year ended 31 December 2021, with comparative amounts for the financial year ended 31 December 2020.

#### 1.4 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2 Summary of new and amended standards**

**2.1 Summary of new and amended standards**

**Accounting standards and interpretations issued but not yet effective**

Below are the new International Financial Reporting Standards and International Accounting Standards which have not been early adopted by the company and that might affect future reporting periods, on the assumption that the Company will continue with its current activities.

**a) IFRS 17 - Insurance Contracts**

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

**IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.**

**Property, Plant and Equipment --- Proceeds before Intended Use (Amendments to IAS 16)**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

**Annual reporting periods beginning on or after 1 January 2022.**

# JEBBA PAPER MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Significant accounting policies

#### 3.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

#### 3.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue represents net sales invoiced to third parties and the ability to collect the related receivables is reasonably assured.

##### 3.2.1 Revenue from sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 3.2.2 Interest Income

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the company and the amount can be reliably measured.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### 3.3 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

ownership to the lessee. All other leases are classified as operating leases.

#### The company as lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

**3.4 Foreign currency translation**

The financial statements of Jebba Paper Mills Limited are presented in Naira, which is the company's functional currency. In preparing the financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at each reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items are included in the income statement for the year.

**3.5 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity

**3.5.1 Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**3.5.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

**3.6 Earnings per share**

Earnings per share is calculated by dividing net income by the number of ordinary shares outstanding during the period.

**3.7 Employee Benefits**

**3.7.1 Defined Contribution Plans**

Payments to defined contribution retirement benefit plans are recognised as an expense in the period in which employees have rendered services entitling them to the contributions.

**3.7.2 Defined benefit plans**

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest) is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as (a) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); (b) Net interest expense or income; and (c) Remeasurement.

The company presents the first two components of defined benefit costs in statement of profit or loss as staff gratuity cost.

**3.7.3 Other employee benefits**

Other short and long-term employee benefits, are recognised as an expense over the period in which they accrue.

**3.8 Inventories**

Inventories are valued at the lower of cost and estimated net realizable value. The cost of products manufactured by the Company comprises direct material and labour costs together with appropriate factory overheads. The cost of raw materials and goods for resale is determined on a weighted average basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Inventory held as consignment stock is recognised as an asset in the balance sheet at cost, as the risks and rewards of ownership have been transferred to the Company. A corresponding liability is also recognized in the balance sheet.

## JEBBA PAPER MILLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3.9 Property plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of self-constructed assets includes the costs of materials and direct labour. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on other assets is charged to the income statement using the straight-line method so as to write off the cost less their residual values over their estimated useful lives on the following bases:

	<b>Useful Life (years)</b>
Building	40
Plant and machinery	10
Motor Vehicles	5
Furniture fittings and equipment	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

**3.10 Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate independent cash flows from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

**3.11 Provisions**

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

The amount recognised as provisions is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of these cashflows (when the effect of the time value of money is material).

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

## JEBBA PAPER MILLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3.12 Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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

##### 3.12.1 Financial assets

Financial assets are classified into: (a) loans and receivables, (b) held-to-maturity investments (c) Available-for-sale and (d) financial assets at fair value through profit or loss. Financial assets are subsequently measured based on their nature and purpose as determined at initial recognition.

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including [trade and other receivables and cash and bank balances] are subsequently measured at amortised cost using the effective interest method, less any impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement. The losses arising from impairment are recognised in the income statement in finance costs. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

*Cash and cash equivalents*

Cash and cash equivalents are comprised of cash in hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value.

*Impairment of Loans and receivables*

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases as a result of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

• **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

**3.13 Financial Liabilities and equity instruments**

**3.13.1 Classification as equity**

Equity instruments issued by the entity are classified as equity in accordance with the substance of the contractual arrangement and definition of equity instrument.

**Equity Instruments**

An equity instrument is any contract that evidence a residual interest in the assets of the entity after deducting all of its liabilities. Equity Instruments issued are recognised at the proceeds received, net direct issue cost.

**3.13.2 Financial liabilities**

Financial liabilities are classified as either at 'FVTPL' or other financial liabilities. The entity has no financial liabilities classified as 'FVTPL'.

• **Other financial liabilities**

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

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

• **Derecognition of financial liabilities**

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

## JEBBA PAPER MILLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### **4 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### **4.2 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### **4.2.1 Useful life of intangible assets**

The useful life of intangible assets has been estimated by management to determine the annual amortisation. The management has determined the useful to be definite based on the expected period over which they intend to derive benefits from its use.

##### **4.2.3 Defined benefit Obligation assumptions**

Management judgement has been considered in the determination assumptions used in estimating the defined Benefit Obligation. These assumptions include the discount rate, labour turnover rate, inflation rate and the salary growth rate.

**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**5 Revenue**

An analysis of the company's revenue is as follows:

	31/12/2021 N'000	31/12/2020 N'000
Local Sales	<u>13,324,810</u>	<u>6,069,440</u>
<i>Analysed into:</i>		
Pioneer	-	-
Non Pioneer	<u>13,324,810</u>	<u>6,069,440</u>
	<u>13,324,810</u>	<u>6,069,440</u>

**6 Production cost**

Opening inventory	387,612	272,416
Purchases	<u>4,868,948</u>	<u>3,298,572</u>
	5,256,560	3,570,988
Less closing inventory	101,040	387,612
Raw materials consumed	<u>5,155,520</u>	<u>3,183,376</u>

**Conversion cost**

Production wages	146,041	140,001
Production overheads	1,678,669	1,228,370
Depreciation	120,454	154,247
Factory Rent	650	650
	<u>7,101,334</u>	<u>4,706,645</u>

**Cost of sales**

Opening inventory - Finished goods	145,059	191,201
Production cost	<u>7,101,334</u>	<u>4,706,645</u>
	7,246,392	4,897,846
Less closing inventory	87,914	145,059
	<u>7,158,478</u>	<u>4,752,787</u>

**7 Other Income**

Interest income	20	-
Income from Treasury Bills	332,301	101,577
Income from Bonds	184,214	233,023
Income from bank Investment	114,722	22,051
Unrealised Inome from Mutual Fund Stanbic	12,777	22,333
Recovery of bad debts	-	8,175
Miscellaneous Income	-	6,564
Income from Mutual Fund	20,117	1,856
	<u>664,152</u>	<u>395,577</u>



JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

8 Administrative expenses

	31/12/2021 N'000	31/12/2020 N'000
Staff cost (Note 9b)	286,194	228,889
Establishment charges	237,201	165,978
Audit Fees	8,063	5,375
Legal & professional fees	6,671	5,949
Impairment- Trade receivables	3,719	-
Covid-19 donations	-	3,000
Depreciation	22,072	23,039
	<u>563,919</u>	<u>432,230</u>

b Employees Benefits

Salaries and Wages	274,020	219,344
Pension costs	1,978	2,084
Defined benefit obligation	10,195	7,461
Admin Staff	<u>286,194</u>	<u>228,889</u>
Factory Salaries and wages	146,041	140,001
	<u>432,235</u>	<u>368,890</u>

9 Finance Costs

Interest expense on borrowings	12,630	8,076
Bank Charges	26,843	11,871
Exchange Loss	103,656	65,016
	<u>143,129</u>	<u>84,963</u>

10 Taxation

10.1 Income tax recognised in profit or loss

	31/12/2021 N'000	31/12/2020 N'000
<b>Current tax</b>		
Current tax expense in respect of the current year:		
Income tax-30%	1,721,345	297,873
Education tax-2.5%	144,682	20,906
	<u>1,866,027</u>	<u>318,779</u>
Adjustments in the current year for current tax of Others (describe)	-	(0)
	<u>1,866,027</u>	<u>318,779</u>
<b>Deferred tax</b>		
Deferred tax expense for current year	(30,694)	(39,480)
	<u>(30,694)</u>	<u>(39,480)</u>
Total income tax expense recognised in current year	<u>1,835,333</u>	<u>279,299</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation (contd)

Corporation tax is calculated at 30 per cent (2020: 30 per cent) of the estimated taxable profit for the year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN, 2004 as amended.

The charge for education tax of 2 per cent (2020: 2 per cent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

Reconciliation of income tax expense for the year to the accounting profit as per profit or loss:

	31/12/2021	31/12/2020
	N'000	N'000
Profit before tax	6,123,436	1,195,037
Tax at the statutory corporation tax rate of 30% (2020: 30 %)	1,837,031	358,511
<b>Effect of:</b>		
Depreciation	42,758	53,186
Current service/interest cost adjustment	2,779	2,083
Unrealized Exchange Loss	10,099	2,647
Realised Exchange Gain	(2,639)	66
Income from Treasury bills	(154,955)	(100,380)
Bad debts recovery	1,116	(2,453)
Investment allowance	-	-
Capital allowance claimed	(14,843)	(15,788)
Education tax	144,682	20,906
	1,866,027	318,778
Adjustments in the current year for current tax of prior years	-	-
Deferred Tax (asset)/liability	(30,694)	(39,480)
<b>Income tax expense recognised in profit or loss</b>	<b>1,835,333</b>	<b>279,298</b>

10.2 Current tax liabilities

	31/12/2021	31/12/2020
	N'000	N'000
At 1 January	318,779	132,140
Charged for the year	1,866,027	318,779
Payments during the year	(318,779)	(132,140)
	<b>1,866,027</b>	<b>318,779</b>

Deferred Taxation

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

	31/12/2021		
	Opening balance N'000	Recognised in profit or N'000	Closing balance N'000
<b>Deferred tax assets/(liabilities) on:</b>			
Property, Plant and Equipment	(135,833)	27,915	(107,919)
Defined Benefit Obligation	10,643	2,779	13,421
	(125,191)	30,694	(94,497)
Defined Benefit Obligation - OCI	4,176	(2,147)	2,029
	<b>(121,015)</b>	<b>28,547</b>	<b>(92,469)</b>
	31/12/2020		
	Opening balance N'000	Recognised in profit or N'000	Closing balance N'000
<b>Deferred tax assets/(liabilities) on:</b>			
Property, Plant and Equipment	(173,231)	37,398	(135,833)
Defined Benefit Obligation	8,560	2,083	10,643
	(164,671)	39,480	(125,191)
Defined Benefit Obligation - OCI	219	3,957	4,176
	<b>(164,452)</b>	<b>43,437</b>	<b>(121,015)</b>
	2021	2020	
	N'000	N'000	
Deferred tax liabilities	92,469	121,015	

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

11 Property, plant and equipment

	Leasehold land & Building N'000	Plant and machinery N'000	Furniture, fittings and N'000	Motor vehicles N'000	Total N'000
<b>Cost</b>					
At 1 January 2020	238,410	2,548,301	26,718	201,858	3,015,287
Additions	-	-	-	556	556
At 31 December 2020	238,410	2,548,301	26,718	202,414	3,015,843
Additions	-	-	-	-	-
At 31 December 2021	238,410	2,548,301	26,718	202,414	3,015,843
<b>Accumulated depreciation and impairment</b>					
At 1 January 2020	56,854	2,052,233	18,628	143,484	2,271,198
Charge for the year	5,382	154,247	1,835	15,821	177,286
Reclassification	-	-	-	-	-
At 31 December 2020	62,236	2,206,480	20,463	159,305	2,448,484
Charge for the year	5,382	120,454	833	15,857	142,526
At 31 December 2021	67,618	2,326,934	21,296	175,162	2,591,009
<b>Carrying amount</b>					
At 31 December 2021	170,792	221,367	5,422	27,252	424,833
At 31 December 2020	176,174	341,821	6,255	43,108	567,359

**PPE SUMMARY**

	2021 N'000	2020 N'000
Carrying Value of Assest Not in use	117,258	117,258
Carrying Value of Assest in Use	424,833	567,359
	<u>542,091</u>	<u>684,617</u>

11.1 Allocation of depreciation

Cost of sales	120,454	154,247
Administrative expenses	22,072	23,039
	<u>142,526</u>	<u>177,286</u>

11.2 Impairment losses recognised in the year

There were no impairment losses recognized during the year.

11.3 Contractual commitments

At 31 December 2021, the company had no contractual commitments for the acquisition of property, plant and equipment (2020: Nil).

12 **INVESTMENT**

	2021 N'000	2020 N'000
12a <b><u>Investment in FGN Bonds</u></b>		
FGN Bonds -series II	-	3,021,269
The Company invested in series II FGN Bond with maturity on 15th July, 2021.		
12b Jebba Agro Industries Ltd	475	475
This represents 475,000 ordinary shares of N1.00 each shown at its nominal value as the company's current financial statements for 2021 and the 2020 accounts are not readily available.		
Non Current Investment	<u>475</u>	<u>3,021,744</u>

**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**13 Other assets**

	31/12/2021 N'000	31/12/2020 N'000
Prepaid rent	-	200
Prepaid Insurance	388	8,669
Prepaid Vat	8,809	-
Other Assets	14,260	5,985
	<u>23,457</u>	<u>14,854</u>
 Non- Current	 <u>-</u>	 <u>-</u>
 Current	 <u>23,457</u>	 <u>14,854</u>

**14 Inventories**

Raw materials	101,040	387,612
Finished goods	87,914	145,059
Consumables	-	162,696
	<u>188,954</u>	<u>695,367</u>

**15 Trade and other receivables**

	31/12/2021 N'000	31/12/2020 N'000
Trade receivables	1,879,242	1,351,049
Allowance for doubtful debts	(70,093)	(66,375)
	<u>1,809,149</u>	<u>1,284,675</u>
 <b>Other receivables</b>		
Other Receivables	46,270	54,243
Advance to Suppliers	202,290	158,262
	<u>2,057,708</u>	<u>1,497,180</u>

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**15 Trade and other receivables (continued)**

**15.2 Trade receivables**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the distributor.

**Age of receivables past due but not impaired**

	31/12/2021 N'000	31/12/2020 N'000
0-30 days	1,802,901	592,116
30-180 days	6,010	512,269
180-360 days	238	180,289
360 and above	70,093	66,375
	<u>1,879,242</u>	<u>1,351,049</u>
Impairment allowance	(70,093)	(66,375)
	<u>1,809,149</u>	<u>1,284,675</u>
<b>Total</b>	<b><u>1,809,149</u></b>	<b><u>1,284,675</u></b>

**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	31/12/2021	31/12/2020
	N'000	N'000
<b>16 a Investment in treasury bills</b>		
Treasury Bills	6,333,226	-
Treasury bills - Due within 90 days	-	-
	<u>6,333,226</u>	<u>-</u>
	31/12/2021	31/12/2020
	N'000	N'000
<b>Investment in Mutual Fund</b>		
Stanbic Mutual Fund	-	1,022,332.54
United Capital Bond Fund	3,683,465	609,104.16
Treasury Bills	6,333,226	-
	<u>10,016,691</u>	<u>1,631,437</u>

Due within 90days has been classified as cash and cash equivalent

**16 b Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, Negotiable duty credit certificates (NDCC), an original maturity of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	31/12/2021	31/12/2020
	N'000	N'000
Cash and bank balances	2,252,856	620,892
Treasury bills - Due within 90 days	-	-
Investment in Fixed Income	-	1,000,024
	<u>2,252,856</u>	<u>1,620,916</u>

The carrying amount of these assets is approximately equal to their fair value.

	31/12/2021	31/12/2020
	N'000	N'000
<b>17 Borrowings</b>		
<b>Short Term Loan</b>		
Import Finance Facility	<u>258,087</u>	<u>95,968</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

18 Trade and other payables

	31/12/2021 N'000	31/12/2020 N'000
Trade payable	317,468	669,024
<b>Other payables:</b>		
Trade Deposits	93,335	2,351
Taxes Payable	-	-
Other sundry payables	427,135	185,390
Related Party payables	2,864	43,956
	<u>840,802</u>	<u>900,721</u>

19 Equity

	N'000	N'000
<b>a Share capital</b>		
<b>Authorised:</b>		
300,000,000 ordinary shares of N1.00 each	<u>300,000</u>	<u>300,000</u>
<b>Issued and fully paid:</b>		
300,000,000 ordinary shares of N1.00 each	<u>300,000</u>	<u>300,000</u>
<b>b Retained Earnings</b>		
As at 1st January	7,389,983	6,474,245
Current year profit	4,288,102	915,738
	<u>11,678,085</u>	<u>7,389,983</u>
<i>Analysed into:</i>		
<b>Pioneer Profit</b>		
As at 1st January	3,417,601	3,417,601
Current year profit	-	-
	<u>3,417,601</u>	<u>3,417,601</u>
<b>Non-Pioneer Profit</b>		
As at 1st January	3,973,346	3,056,644
Current year profit	4,288,102	916,702
	<u>8,261,449</u>	<u>3,973,346</u>
<b>c Other Reserves</b>		
As at 1st January	(9,746)	(514)
Actuarial Gain/loss for the year	5,010	(9,232)
	<u>(4,737)</u>	<u>(9,746)</u>

20 Earnings per share

Earnings per ordinary share (basic) have been computed on profit after taxation divided by the number of issued N1.00 ordinary shares in issue at the year end. There were no potentially dilutive ordinary shares.

Profit after taxation	<u>4,288,102</u>	<u>915,738</u>
Number of shares	<u>300,000</u>	<u>300,000</u>
<b>Earnings per share (EPS)- Basic</b>	<u>14.29</u>	<u>3.05</u>

**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**21 Retirement benefit plans**

**Defined contribution plans**

The company makes deductions in accordance with the Pension Reform Act of 2004 with the employee and the employer contributing 8% and 10% respectively of employee's relevant emoluments (basic, housing and transport allowances). The company's contribution to the pension scheme is charged to the statement of profit or loss account.

The only obligation of the company with respect to the retirement benefit plan is to make the specified contributions.

**Defined benefit plans**

Under the plan employees are entitled to post-retirement gratuity of a percentage of current salary on retirement depending on the number of years worked in the company.

The plan is exposed to the following risk

Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plans liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plans' liabilities.



**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**21 Retirement benefit plans**

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>N'000</b>	<b>N'000</b>
Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:		
<b>Service cost</b>		
Current service cost	5,275	3,381
Net interest expense	4,920	4,080
	<u>10,195</u>	<u>7,461</u>
Components of defined benefit cost recognised in profit or loss	<u>10,195</u>	<u>7,461</u>
<b>Remeasurement on the net defined benefit liability</b>		
Actuarial (gains) and losses	(7,157)	13,189
	<u>(7,157)</u>	<u>13,189</u>
Components of defined benefit cost recognised in other comprehensive income.	<u>(7,157)</u>	<u>13,189</u>

Movement in the fair value of defined benefits were as follows

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>N'000</b>	<b>N'000</b>
Opening defined benefit obligation	49,394	29,263
Current service cost	5,275	3,381
Interest cost	4,920	4,080
Actuarial gains and losses	(7,157)	13,189
Benefits paid	(933)	(519)
	<u>(933)</u>	<u>(519)</u>
At 31 December	<u><b>51,500</b></u>	<u><b>49,394</b></u>

The amount included in the statement of financial position arising from the company's obligation in respect of its defined benefit plan is as follows;

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>N'000</b>	<b>N'000</b>
Present value of funded defined benefit obligation	<u>51,500</u>	<u>49,394</u>

**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**22 DIRECTORS AND EMPLOYEES**

**22.1 DIRECTORS**

	31/12/2021 N'000	31/12/2020 N'000
<b>Emoluments:</b>		
Fees	-	-
Other emoluments	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

The number of Directors whose gross emoluments were within the following ranges are:

Range (N)	Number	Number
4,000,000 - 11,999,999	1	1
12,000,000 and above	-	-
	<u>1</u>	<u>1</u>

**22.2 Employees**

The average number of employees including directors:

	Number	Number
Management	6	6
Senior	21	15
Junior	208	175
	<u>235</u>	<u>196</u>

The aggregate payroll costs:

	N'000	N'000
Wages, salaries, allowances and other benefits	432,235	368,890
	<u>432,235</u>	<u>368,890</u>

**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**23 Cash generated from operations**

Reconciliation of profit after tax to net cash generated by operating activities:

	31/12/2021	31/12/2020
	N'000	N'000
Profit for the year	6,123,436	1,195,037
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	142,526	177,286
Interest received	(644,035)	(378,983)
Interest expenses	12,630	8,076
Impairment on trade receivable	3,719	(8,175)
Remeasurement of defined benefit obligation	9,262	6,942
Operating cash flows before movements in working capital	5,647,537	1,000,184
Decrease in inventories	506,412	114,457
Increase in trade and other receivables	(564,247)	(401,267)
(Increase)/decrease in other assets	(8,604)	13,246
Increase/(decrease) in trade and other payables	(59,919)	70,272
	<u>5,521,180</u>	<u>796,892</u>

**24 Related party transactions**

<u>Related party</u>	<u>Relationship</u>
MINL Limited	Parent Company
Manaksia Limited	Ultimate Parent Company

**24.1 Trading transactions**

The Company entered into business transaction with Company that fall within the definition of a related party.

**24.2 Advances from Parent Company**

The company received advance towards working capital from its parent company and same is repayable on demand, hence, its classification as current assets.

See Note 19 for details.

# JEBBA PAPER MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Financial Instruments

#### 25.1 Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation equity.

The capital structure of the company consists of equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings.

The company is not subject to any externally imposed capital requirements.

Equity includes all capital and reserves of the company that are managed as capital.

#### 25.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

#### 25.3 Categories of financial instruments

	31/12/2021 N'000	31/12/2020 N'000
<b>Financial assets</b>		
Loans and receivables		
<i>Cash and bank balances</i>	2,252,856	1,620,916
<i>Trade receivables</i>	2,057,708	1,497,180
	<u>4,310,564</u>	<u>3,118,096</u>
<b>Financial liabilities</b>		
Financial liabilities at amortized cost		
<i>Trade and other payables</i>	840,802	900,721
<i>Borrowings</i>	258,087	95,968
	<u>1,098,889</u>	<u>996,689</u>

# JEBBA PAPER MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Financial Instruments (continued)

#### 25.4 Financial risk management objectives

A financial risk management framework is in place, where appropriate, to mitigate any negative impact that financial risks that may arise will have on the company's reported results.

The Company's senior management oversees the management of risks to ensure that financial risks are identified, measured and managed in accordance with Company's policies for risk.

The company is exposed to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

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

#### 25.5 Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the company that are affected by market risk are principally the non-derivative financial instruments which include , trade and other receivables, cash and cash equivalents and trade and other payables.

#### 25.5 Interest rate risks

Jebba Paper Mills Limited is exposed to fluctuations in interest rates on its borrowings. The company has cash and cash equivalents held as deposits with banks with less than three months maturity. They are readily accessible and receive fixed/floating rate interest. The company actively monitors interest rate exposures on its borrowings so as to minimise the effect of interest rate fluctuations on the income statement. The company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The company is exposed interest risk from overseas (USD ). The overseas borrowings attracts a significant less interest rate than the naira borrowings and as a result the company obtains more dollar borrowings in order to mitigate this risk.

# JEBBA PAPER MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Financial Instruments (continued)

#### 25.6 Foreign currency risk management

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	31/12/2021	
	N'000	USD'000
Liabilities (Dollar denominated loan and overseas creditors)	263,426	585
Assets	91,070	202
Net Liabilities	<u>172,356</u>	<u>383</u>

#### Foreign currency sensitivity analysis

The Company is mainly exposed to the US Dollar .

The following table details the Company's sensitivity to a 10% increase and decrease in the Naira against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Naira strengthens 10% against the relevant currency. For a 10% weakening of the Naira against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	Appreciation		Devaluation	
	N'000	USD'000	N'000	USD'000
Profit or loss (Liabilities)	17,236 (i)	38	(17,236) (ii)	(38)

This is mainly attributable to the exposure outstanding on USD receivables and payables in the Company at the end of the reporting period.

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

25 Financial Instruments (continued)

25.7 Credit risk management

Credit risk refers to the risk that a distributor will default on its contractual obligations resulting in financial loss to the company.

The Senior management of the sales department monitors and controls the credit activities of the company. The trade receivables consist of a large number of customers spread across the country.

There are no credit guarantee or insurance on credit sales to distributors.

The carrying amount of financial assets represents the company's maximum exposure, which at the reporting date, was as follows:

	31/12/2020	31/12/2019
	N'000	N'000
Cash and cash equivalents	2,252,856	1,620,916
Trade and other receivables	2,057,708	1,497,180
	<u>4,310,564</u>	<u>3,118,096</u>

# JEBBA PAPER MILLS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Financial Instruments (continued)

#### 25.8 Liquidity risk management

Liquidity risk is the risk that the company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the company is unable to meet settlement obligations as they fall due.

It is the responsibility of the Finance Director to ensure that the company remains liquid in order to meet its financial obligation. The Finance Director monitors the operating working capital such as trade debtors and their aging, liquidity ratio and the free cashflows.

To mitigate this risk, back-up liquidity facilities are in place which consist of bank overdrafts, Inventory finance, in addition to the company's own liquid assets.

#### 25.81 Maturity risk

The following tables show the company's contractual maturities of financial liabilities:

	31/12/2021		
	Carrying amount N'000	Less than one year N'000	More than one year N'000
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	840,802	840,802	-
Borrowings	258,087	258,087	-
	<b>1,098,889</b>	<b>1,098,889</b>	<b>-</b>

	31/12/2020		
	Carrying amount N'000	Less than one year N'000	More than one year N'000
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	900,721	900,721	-
Borrowings	95,968	95,968	-
	<b>996,689</b>	<b>996,689</b>	<b>-</b>



**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**25 Financial Instruments (continued)**

**25.9 Fair value of financial instruments**

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

**26 Capital Commitments**

There were no capital commitments entered into by the Company as at 31 December, 2021 (2020 Nil).

**27 Contingent liabilities and contingent assets**

There were no contingent liabilities and assets that materialized during the year ended

**28 Events after the reporting period**

There were no post balance sheet events that could have material effect on the state of affairs of the company at 31 December 2021 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

**29 Comparative figures**

Certain prior period figures have been reclassified to ensure proper disclosure and uniformity with current period presentation for a more meaningful comparison. These reclassification have no net impact on these financial statements.

	N'000
<b>Reinstatement of 2020 current year profit</b>	
Current year profit - 2020	916,702
Underprovision for tax	<u>(964)</u>
<b>Reinstated Current year profit- 2020</b>	<u><u>915,738</u></u>
Current tax provision- 2020	317,815
Underprovision for tax	<u>964</u>
<b>Reinstated Current year profit- 2020</b>	<u><u>318,779</u></u>

**JEBBA PAPER MILLS LIMITED**

**VALUED ADDED STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**NON IFRS STATEMENT**

	31/12/2021		31/12/2020	
	N'000	%	N'000	%
Turnover	13,324,810		6,069,440	-
Other income	664,152		330,561	
	<u>13,988,961</u>	-	<u>6,400,001</u>	-
Bought in Materials and Services				
Local	6,911,721		4,417,167	
Imported	230,906		230,906	
	<u>6,846,335</u>	100	<u>1,751,928</u>	100
Applied as follows:				
<b>To pay Employees</b>				
Salaries wages and other cost	432,235	6	368,890	21.06
<b>To pay Government</b>				
Current taxation	1,866,027	27.26	317,815	18.14
Deferred taxation	(30,694)		(39,480)	(2.25)
<b>To pay providers or capital</b>				
Interest	143,129	2.09	19,947	1.14
<b>To be retained in the business for expansion</b>				
Depreciation	142,526	2.08	177,286	10.12
Profit or loss account	<u>4,293,112</u>	62.71	<u>907,470</u>	51.80
	<u>6,846,335</u>	100	<u>1,751,928</u>	100

Value Added Statement income represents the additional wealth which the company has been able to create on its own and its employees effort. This statement shows the allocation of that wealth between employees, capital providers, government and that retained in the business for future creation of wealth.

**JEBBA PAPER MILLS LIMITED**  
**FIVE YEAR FINANCIAL SUMMARY**  
**STATEMENT OF FINANCIAL POSITION**

Assets	AS REPORTED UNDER IFRS				
	31-Dec-21 N'000	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18	31-Dec-17
<b>Non Current Asset</b>					
Property plant and equipment	542,091	634,617	861,347	1,016,577	1,078,585
Investment	475	3,021,744	2,154,947	475	475
<b>Total non current assets</b>	<b>542,566</b>	<b>3,706,361</b>	<b>3,016,294</b>	<b>1,017,052</b>	<b>1,079,060</b>
<b>Current Assets</b>					
Inventories	188,954	695,367	809,823	1,499,201	782,323
Trade and other receivables	2,057,708	1,497,180	1,035,206	942,307	3,870,439
Other assets	23,457	14,854	80,632	262,002	194,497
Investment - Short Term	10,016,691	1,631,437	818,233	1,503,521	-
Cash and cash equivalents	2,252,856	1,620,916	2,290,734	2,469,282	472,285
<b>Total current assets</b>	<b>14,539,667</b>	<b>5,459,753</b>	<b>5,034,628</b>	<b>6,676,313</b>	<b>5,319,544</b>
<b>Total assets</b>	<b>15,082,233</b>	<b>9,166,114</b>	<b>8,050,922</b>	<b>7,693,365</b>	<b>6,398,604</b>
<b>Liabilities and reserves</b>					
<b>Equity and reserves:</b>					
Share capital	300,000	300,000	300,000	300,000	300,000
Other Reserves	(4,737)	(9,746)	(513)	4,952	2,207
Retained earnings	11,678,085	7,389,983	6,474,245	5,687,718	4,743,715
<b>Total equity</b>	<b>11,973,349</b>	<b>7,680,236</b>	<b>6,773,732</b>	<b>5,992,670</b>	<b>5,045,922</b>
<b>Non current liabilities</b>					
Retirement benefit obligation	51,500	49,394	29,263	17,590	16,896
Deferred Tax Liability	92,469	121,015	164,765	216,428	28,618
<b>Total non current liabilities</b>	<b>143,968</b>	<b>170,410</b>	<b>194,028</b>	<b>234,018</b>	<b>45,514</b>
<b>Current liabilities</b>					
Trade and other payables	840,802	900,721	830,449	1,028,572	719,012
Borrowings	258,087	95,968	120,885	178,287	517,500
Taxation payable	1,866,027	318,779	131,828	259,818	70,656
<b>Total current liabilities</b>	<b>2,964,916</b>	<b>1,315,468</b>	<b>1,083,162</b>	<b>1,466,677</b>	<b>1,307,168</b>
<b>Total equity and liabilities</b>	<b>15,082,233</b>	<b>9,166,114</b>	<b>8,050,922</b>	<b>7,693,365</b>	<b>6,398,604</b>