

JEBBA PAPERS MILLS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

JEBBA PAPERS MILLS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

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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 2023**

The Directors are pleased to present their Report and the Audited Financial Statement for the year ended December 31, 2023 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 N12.2 billion with operating profit after tax N2.5 million for the year ended 31st December, 2023.

No dividend has been proposed for declaration at the 2024 Annual General Meeting based on the annual accounts for the year ended 31st December, 2023.

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, 2023 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, 2023.

	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 unit of shares on behalf of MINL Limited.

JEBBA PAPER MILLS LIMITED
DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31ST DECEMBER 2023

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 14th Day of May, 2024

By Order of the Board
PRIME SECRETARIES LIMITED
S e c r e t a r i e s



Patience Mba

FRC/2022/PRO/NBA/002/00302

JEBBA PAPER MILLS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

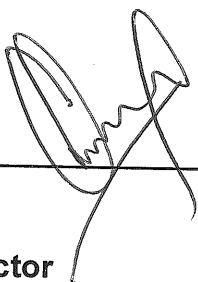
The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the period. The responsibilities include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

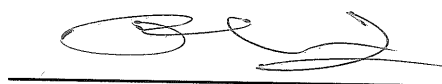
The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied 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 2023. 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.


A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Director


A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

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

info@oponejohnsonandco.ng

Website: www.oponejohnsonandco.ng

JOHNSON OPONE FCTI, FCA - MANAGING PARTNER

ABDULLAHI OKE ACTI, FCA

FELICIA OMUBO-DEDE FCTI, 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 31st December 2023, 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

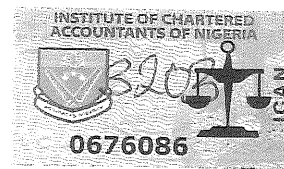
In our opinion, the financial statements give a true and fair view of the financial position of *Jebba Paper Mills Limited* as at 31st December, 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions 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.

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 14, 2024

JEBBA PAPER MILLS LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

		31/12/2023	31/12/2022
	Note	N'000	N'000
Non-current assets			
Property, plant and equipment	11	677,781	624,876
Investments	12	1,020,574	475
Total non-current assets		1,698,355	625,351
Current assets			
Inventories	14	201,183	723,345
Trade and other receivables	15	2,755,022	3,185,515
Other assets	13	35,818	30,174
Investment - Short term	16a	16,167,496	13,568,268
Cash and cash equivalents	16b	2,105,229	3,297,090
Total current assets		21,264,748	20,804,392
Total assets		22,963,103	21,429,743
Equity			
Share capital	19	300,000	300,000
Other Reserves		(1,762)	(6,897)
Retained earnings		19,392,495	16,866,201
Total equity attributable to owners of the company		19,690,733	17,159,304
Non-current liabilities			
Retirement benefit obligation	21	64,716	62,958
Deferred Tax Liability	10.2	7,452	106,304
Total non-current liabilities		72,168	169,262
Current liabilities			
Trade and other payables	18	856,716	963,413
Borrowings	17	983,706	700,859
Taxation	10.2	1,359,780	2,436,905
Total current liabilities		3,200,202	4,101,177
Total liabilities		3,272,370	4,270,439
Total equity and Liabilities		22,963,103	21,429,743

The financial statements were approved by the board of directors and authorised for issue on the 14th day of May, 2023. They were signed on its behalf by:


Managing Director


Financial Director

JEBBA PAPER MILLS LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	31/12/2023 N'000	31/12/2022 N'000
Revenue	5	12,162,532	19,688,826
Cost of sales	6	<u>8,788,048</u>	<u>12,674,619</u>
Gross profit		3,374,484	7,014,207
Administrative expenses	8	<u>802,554</u>	<u>757,471</u>
Operating profit		2,571,930	6,256,736
Other income	7	1,946,736	1,511,300
Finance cost	9	<u>(733,640)</u>	<u>(125,836)</u>
Profit before tax		3,785,027	7,642,200
Taxation	10.1	<u>1,258,733</u>	<u>2,453,787</u>
Profit after taxation on continuing operations		2,526,294	5,188,414
Other Comprehensive Loss			
Actuarial Gain/Loss		7,336	(3,086)
Deferred Tax		<u>(2,201)</u>	<u>926</u>
Total other comprehensive Loss		5,135	(2,160)
Total comprehensive income		<u>2,531,429</u>	<u>5,186,253</u>

JEBBA PAPER MILLS LIMITED

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 N'000	2022 N'000
Cashflow from operating activities			
Cash receipt from customers		12,394,600	19,056,910
Cash paid to suppliers and employees		<u>(9,477,534)</u>	<u>(14,019,437)</u>
Cash generated from operations		2,917,066	5,037,473
Income taxes paid	10	<u>(2,436,910)</u>	<u>(1,868,446)</u>
Net cash generated by operating activities		<u>480,156</u>	<u>3,169,027</u>
Cashflow from investing activities			
Purchase of property, plant and equipment		(95,703)	(126,673)
Interest Income		1,922,412	1,179,331
Investment in treasury Bills and Bonds		<u>(3,619,327)</u>	<u>(3,551,577)</u>
Net cash generated by investing activities		<u>(1,792,618)</u>	<u>(2,498,919)</u>
Cashflow from financing activities			
Loans (new/repaid)		282,847	442,772
Interest paid		<u>(162,245)</u>	<u>(68,646)</u>
Net cash generated by financing activities		<u>120,602</u>	<u>374,126</u>
Net increase/(decrease) in cash and cash equivalents		(1,191,860)	1,044,233
Cash and cash equivalents at beginning of year		<u>3,297,089</u>	<u>2,252,856</u>
Cash and cash equivalents at end of year	16b	<u>2,105,229</u>	<u>3,297,089</u>

JEBBA PAPER MILLS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital N'000	Other Reserves N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2022	300,000	(4,737)	11,677,787	11,973,050
Profit for the year	-	-	5,188,414	5,188,414
Other comprehensive income	-	(2,160)	-	(2,160)
Balance at 31 December 2022	300,000	(6,897)	16,866,201	17,159,304
Profit for the year	-	-	2,526,294	2,526,294
Other comprehensive income	-	5,135	-	5,135
Balance at 31 December 2023	300,000	(1,762)	19,392,495	19,690,733

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023, with comparative amounts for the financial year ended 31 December 2022.

1.4 Statement of compliance

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 Amendment to IFRS 16 - Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all of the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. It shall be effective for annual periods beginning on or after 1 January 2024.

b Amendment to IAS 1 - non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. It shall be effective for annual periods beginning on or after 1 January 2024.

c Amendment to IAS 7 and IFRS 7 - Supplier finance

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. It shall be effective for annual periods beginning on or after 1 January 2024 (with transitional reliefs in the first year).

d Amendment to IAS 21 - Lack of Exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. It shall be effective for annual periods beginning on or after 1 January 2024 (early adoption is available).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 2023**

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 respectively.

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 2023**

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 2023

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:

	Useful Life (years)
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 2023**

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 2023

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 2023**

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.

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 2023

5 Revenue

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

	31/12/2023 N'000	31/12/2022 N'000
Local Sales	<u>12,162,532</u>	<u>19,688,826</u>
<i>Analysed into:</i>		
Non Pioneer	<u>12,162,532</u>	<u>19,688,826</u>
	<u>12,162,532</u>	<u>19,688,826</u>

6 Production cost

Opening inventory	606,749	101,040
Purchases	<u>6,274,197</u>	<u>10,653,034</u>
	6,880,946	10,754,074
Less closing inventory	<u>25,847</u>	<u>606,749</u>
Raw materials consumed	6,855,099	10,147,325
Conversion cost		
Production wages	187,630	191,130
Production overheads	1,773,119	2,342,124
Depreciation	30,290	22,071
Factory Rent	<u>650</u>	<u>650</u>
	<u>8,846,788</u>	<u>12,703,301</u>
Cost of sales		
Opening inventory - Finished goods	116,596	87,914
Production cost	<u>8,846,788</u>	<u>12,703,301</u>
	8,963,384	12,791,215
Less closing inventory	<u>175,336</u>	<u>116,596</u>
	<u>8,788,048</u>	<u>12,674,619</u>

7 Other Income

Income from Treasury Bills and bonds	16,355	257,208
Other investment income	1,922,412	1,179,331
Exchange gain	-	12,127
Miscellaneous income	7,970	7,720
Recovery of impaired debts	-	54,913
	<u>1,946,736</u>	<u>1,511,300</u>

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

8 Administrative expenses

	31/12/2023	31/12/2022
	N'000	N'000
Staff cost (Note 9b)	420,646	320,633
Establishment charges	340,446	307,624
Audit Fees	8,063	8,063
Legal & professional fees	14,167	99,334
Impairment- Trade receivables	6,726	-
Depreciation	12,507	21,817
	802,554	757,471

b Employees Benefits

Salaries and Wages	406,138	308,396
Pension costs	2,273	2,338
Defined benefit obligation	12,235	9,899
Admin Staff	420,646	320,633
Factory Salaries and wages	187,630	191,130
	608,275	511,763

9 Finance Costs

Interest expense on borrowings	162,245	68,646
Bank Charges	29,717	57,189
Exchange Loss	541,678	-
	733,640	125,836

10 Taxation

10.1 Income tax recognised in profit or loss

	31/12/2023	31/12/2022
	N'000	N'000
Current tax		
Current tax expense in respect of the current year:		
Income tax-30%	1,231,700	2,246,478
Education tax-3%	127,897	190,168
Police levy - 0.005%	189	259
	1,359,786	2,436,905
Adjustments in the current year for current tax of	-	-
Others (describe)	-	-
	1,359,786	2,436,905
Deferred tax		
Deferred tax expense for current year	(101,052)	16,882
	(101,052)	16,882
Total income tax expense recognised in current year	1,258,733	2,453,787

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10 Taxation (contd)

Corporation tax is calculated at 30 per cent (2022: 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 3 per cent (2022: 2.5 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:

	31/12/2023 N'000	31/12/2022 N'000
Profit before tax	3,785,027	7,642,200
Tax at the statutory corporation tax rate of 30% (2022: <i>Effect of:</i>)	1,135,508	2,292,660
Depreciation	12,839	13,167
Current service/interest cost adjustment	2,728	2,512
Unrealized Exchange Loss	130,779	-
Realised Exchange Gain	-	(9,851)
Income from Treasury bills	(4,906)	-
Bad debts recovery	2,018	(16,474)
Investment allowance	(4,349)	(2,976)
Capital allowance claimed	(42,917)	(32,560)
Education tax	127,897	190,168
Police levy	189	259
Deferred Tax (asset)/liability	1,359,786 (101,052)	2,436,905 16,882
Income tax expense recognised in profit or loss	1,258,733	2,453,787

10.2 Current tax liabilities

	31/12/2023 N'000	31/12/2022 N'000
At 1 January	2,436,905	1,868,446
Charged for the year	1,359,786	2,436,905
Payments during the year	(2,436,910)	(1,868,446)
	1,359,780	2,436,905

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.

	31/12/2023		
	Opening balance N'000	Recognised in profit or N'000	Closing balance N'000
<i>Deferred tax assets/(liabilities) on:</i>			
Property, Plant and Equipment	(125,191)	98,324	(26,867)
Defined Benefit Obligation	15,933	2,728	18,661
	(109,258)	101,052	(8,206)
Defined Benefit Obligation - OCI	2,955	(2,201)	754
	(106,303)	98,851	(7,452)
	31/12/2022		
	Opening balance N'000	Recognised in profit or N'000	Closing balance N'000
<i>Deferred tax assets/(liabilities) on:</i>			
Property, Plant and Equipment	(105,798)	(19,393)	(125,191)
Defined Benefit Obligation	13,421	2,512	15,933
	(92,377)	(16,881)	(109,258)
Defined Benefit Obligation - OCI	2,029	926	2,955
	(90,348)	(15,955)	(106,303)
		2023 N'000	2022 N'000
Deferred tax liabilities		7,452	106,303

JEBBA PAPER MILLS LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
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
Cost					
At 1 January 2022	238,410	2,548,301	26,718	202,414	3,015,843
Additions	-	99,196	(0)	27,477	126,673
At 31 December 2022	238,410	2,647,497	26,718	229,891	3,142,516
Additions	66,791	27,712	1,200	-	95,703
Transfer	-	117,258	-	-	117,258
At 31 December 2023	305,201	2,792,467	27,918	229,891	3,355,476
Accumulated depreciation and impairment					
At 1 January 2022	67,618	2,326,934	21,296	175,162	2,591,009
Charge for the year	5,382	22,071	578	15,857	43,889
Reclassification	-	-	-	-	-
At 31 December 2022	73,000	2,349,005	21,874	191,018	2,634,898
Charge for the year	5,518	30,290	635	6,354	42,798
At 31 December 2023	78,518	2,379,295	22,510	197,373	2,677,696
Carrying amount					
At 31 December 2023	226,683	413,171	5,408	32,518	677,781
At 31 December 2022	165,410	298,492	4,844	38,872	507,618

PPE SUMMARY

	2022 N'000	2022 N'000
Carrying Value of Asset Not in use	-	117,258
Carrying Value of Asset in Use	677,781	507,618
	677,781	624,876

11.1 Allocation of depreciation

Cost of sales	30,290	22,071
Administrative expenses	12,507	21,818
	42,798	43,889

11.2 Impairment losses recognised in the year

There were no impairment losses recognized during the year.

11.3 Contractual commitments

At 31 December 2023, the company had no contractual commitments for the acquisition of property, plant and equipment (2022: Nil).

12 INVESTMENT
12a Investment in FGN Bonds

	2023 N'000	2022 N'000
FGN Bonds -series II	1,020,099	-

The Company invested in series II FGN Bond with maturity on 15th July, 2021.

12b Jebba Agro Industries Ltd

	475	475
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This represents 475,000 ordinary shares of N1.00 each shown at its nominal value as the company's current financial statements for 2023 and the 2022 accounts are not readily available.

Non Current Investment	1,020,574	475
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JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

13 Other assets

	31/12/2023 N'000	31/12/2022 N'000
Prepaid rent	-	-
Prepaid Insurance	13,498	11,872
Prepaid Vat	5,556	4,596
Other Assets	16,763	13,707
	<u>35,818</u>	<u>30,174</u>
Non- Current	<u>-</u>	<u>-</u>
Current	<u>35,818</u>	<u>30,174</u>

14 Inventories

Raw materials	25,847	606,749
Finished goods	175,336	116,596
Consumables	-	-
	<u>201,183</u>	<u>723,345</u>

15 Trade and other receivables

	31/12/2022 N'000	31/12/2022 N'000
Trade receivables	2,575,070	2,776,087
Allowance for doubtful debts	(21,906)	(15,181)
	<u>2,553,163</u>	<u>2,760,906</u>
Other receivables		
Other Receivables	84,744	60,429
Advance to Suppliers	<u>117,114</u>	<u>364,179</u>
	<u>2,755,022</u>	<u>3,185,514</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 2023

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

	31/12/2023 N'000	31/12/2022 N'000
0-30 days	1,393,755	2,759,226
30-180 days	1,159,409	1,680
180-360 days	-	-
360 and above	21,906	15,181
	<u>2,575,070</u>	<u>2,776,087</u>
Impairment allowance	<u>(21,906)</u>	<u>(15,181)</u>
Total	<u><u>2,553,163</u></u>	<u><u>2,760,906</u></u>

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	31/12/2023 N'000	31/12/2022 N'000
16a Investment in treasury bills		
Treasury Bills	-	6,333,226
Treasury bills - Due within 90 days	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Investment in Mutual Fund		
United capital short term investment (SPMS)	3,704,572	4,108,675
United capital short term investment (PIT)	6,956,693	-
RMBN AM NDP fixed investment	5,063,028	-
Stanbic IBTC bank call deposit	101,376	-
Ucamil money market fund	341,826	-
United Capital Bond Fund	-	9,459,593
Treasury Bills	-	-
	<u>16,167,496</u>	<u>13,568,268</u>

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

16b 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:

	31/12/2023 N'000	31/12/2022 N'000
Cash and bank balances	2,105,229	3,297,090
Treasury bills - Due within 90 days	-	-
Investment in Fixed Income	-	-
	<u>2,105,229</u>	<u>3,297,090</u>

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

17 Borrowings

	31/12/2023 N'000	31/12/2022 N'000
Short Term Loan		
Import Finance Facility	<u>983,706</u>	<u>700,859</u>

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

18 Trade and other payables

	31/12/2023 N'000	31/12/2022 N'000
Trade payable	200,654	447,173
Other payables:		
Trade Deposits	35,084	132,399
Taxes Payable	-	-
Other sundry payables	620,978	383,496
Related Party payables	-	346
	856,716	963,413

19 Equity

a Share capital

Authorised:

300,000,000 ordinary shares of N1.00 each

N'000	N'000
300,000	300,000

Issued and fully paid:

300,000,000 ordinary shares of N1.00 each

300,000	300,000
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b Retained Earnings

As at 1st January

Current year profit

16,866,201	11,677,787
2,526,294	5,188,414
19,392,495	16,866,201

Analysed into:

Pioneer Profit

As at 1st January

Current year profit

3,417,601	3,417,601
-	-
3,417,601	3,417,601

Non-Pioneer Profit

As at 1st January

Current year profit

13,449,862	8,261,448
2,526,294	5,188,414
15,976,156	13,449,862

c Other Reserves

As at 1st January

Actuarial Gain/loss for the year

(6,897)	(4,737)
5,135	(2,160)
(1,762)	(6,897)

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

2,526,294	5,188,414
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Number of shares

300,000	300,000
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Earnings per share (EPS)- Basic

8.42	17.29
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JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023

21 Retirement benefit plans

	31/12/2023 N'000	31/12/2022 N'000
Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:		
Service cost		
Current service cost	6,026	4,829
Net interest expense	6,209	5,070
Components of defined benefit cost recognised in profit or loss	12,235	9,899
Remeasurement on the net defined benefit liability		
Actuarial (gains) and losses	(7,336)	3,086
Components of defined benefit cost recognised in other comprehensive income.	(7,336)	3,086

Movement in the fair value of defined benefits were as follows

	31/12/2023 N'000	31/12/2022 N'000
Opening defined benefit obligation	62,958	51,500
Current service cost	6,026	4,829
Interest cost	6,209	5,070
Actuarial gains and losses	(7,336)	3,086
Benefits paid	(3,141)	(1,527)
At 31 December	64,716	62,958

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;

	31/12/2023 N'000	31/12/2022 N'000
Present value of funded defined benefit obligation	64,716	62,958

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

22 DIRECTORS AND EMPLOYEES

22.1 DIRECTORS

	31/12/2023 N'000	31/12/2022 N'000
Emoluments:		
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	7	7
Senior	30	30
Junior	253	231
	<u>290</u>	<u>268</u>

The aggregate payroll costs:

	N'000	N'000
Wages, salaries, allowances and other benefits	608,275	511,763
	<u>608,275</u>	<u>511,763</u>

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

23 Cash generated from operations

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

	31/12/2023 N'000	31/12/2022 N'000
Profit for the year	3,785,027	7,642,200
Adjustments for:		
Depreciation of property, plant and equipment	42,798	43,889
Interest received	(1,922,412)	(1,179,331)
Interest expenses	162,245	68,646
Impairment on trade receivable	-	(54,913)
Remeasurement of defined benefit obligation	9,094	8,372
Operating cash flows before movements in working capital	2,076,752	6,528,864
Decrease in inventories	522,162	(534,391)
Increase in trade and other receivables	430,493	(1,072,894)
(Increase)/decrease in other assets	(5,644)	(6,717)
Increase/(decrease) in trade and other payables	(106,697)	122,611
	2,917,066	5,037,473

24 Related party transactions

Related party	Relationship
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 2023

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

	31/12/2023 N'000	31/12/2022 N'000
Financial assets		
Loans and receivables		
<i>Cash and bank balances</i>	2,105,229	3,297,090
<i>Trade receivables</i>	2,755,022	3,185,515
	<u>4,860,251</u>	<u>6,482,605</u>
Financial liabilities		
Financial liabilities at amortized cost		
<i>Trade and other payables</i>	856,716	963,413
<i>Borrowings</i>	983,706	700,859
	<u>1,840,422</u>	<u>1,664,272</u>

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023

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.

	31/12/2023	
	N'000	USD'000
Liabilities (Dollar denominated loan and overseas creditors)	1,040,363	1,156
Assets	-	-
Net Liabilities	<u>1,040,363</u>	<u>1,156</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)	52,024 (i)	116	(52,024) (ii)	(116)

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 2023

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:

	31/12/2023	31/12/2022
	N'000	N'000
Cash and cash equivalents	2,105,229	3,297,090
Trade and other receivables	<u>2,755,022</u>	<u>3,185,515</u>
	<u>4,860,251</u>	<u>6,482,605</u>

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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:

	31/12/2023		
	Carrying amount N'000	Less than one year N'000	More than one year N'000
Financial liabilities at amortised cost			
Trade and other payables	856,716	856,716	-
Borrowings	983,706	983,706	-
	1,840,422	1,840,422	-

	31/12/2022		
	Carrying amount N'000	Less than one year N'000	More than one year N'000
Financial liabilities at amortised cost			
Trade and other payables	963,413	963,413	-
Borrowings	700,859	700,859	-
	1,664,272	1,664,272	-

JEBBA PAPER MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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, 2023 (2022 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 2023 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

JEBBA PAPER MILLS LIMITED

VALUED ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

NON IFRS STATEMENT

	31/12/2023		31/12/2022	
	N'000	%	N'000	%
<i>Turnover</i>	12,162,532		19,688,826	
<i>Other income</i>	1,946,736		1,511,300	
	14,109,268	-	21,200,126	-
Bought in Materials and Services				
<i>Local</i>	8,703,488		12,165,877	
<i>Imported</i>	230,906		712,722	
	5,174,874	100	8,321,527	100
Applied as follows:				
To pay Employees				
Salaries wages and other cost	608,275	12	511,763	6
To pay Government				
Current taxation	1,359,786	26.28	2,436,905	29.28
Deferred taxation	(101,052)		16,882	
To pay providers or capital				
Interest	733,640	14.18	125,836	1.51
To be retained in the business for expansion				
Depreciation	42,798	0.83	43,889	0.53
Profit or loss account	2,531,429	48.92	5,186,253	62.32
	5,174,875	100	8,321,528	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-23 N'000	31-Dec-22 N'000	31-Dec-21 N'000	31-Dec-20 N'000	31-Dec-19 N'000
Non Current Asset					
Property plant and equipment	677,781	624,876	542,091	684,617	861,347
Investment	1,020,574	475	475	3,021,744	2,154,947
Total non current assets	1,698,355	625,351	542,566	3,706,361	3,016,294
Current Assets					
Inventories	201,183	723,345	188,954	695,367	809,823
Trade and other receivables	2,755,022	3,185,515	2,057,708	1,497,180	1,035,206
Other assets	35,818	30,174	23,457	14,854	80,632
Investment - Short Term	16,167,496	13,568,268	10,016,691	1,631,437	818,233
Cash and cash equivalents	2,105,229	3,297,090	2,252,856	1,620,915	2,290,734
Total current assets	21,264,748	20,804,392	14,539,667	5,459,753	5,034,628
Total assets	22,963,103	21,429,743	15,082,233	9,166,114	8,050,922
Liabilities and reserves					
Equity and reserves:					
Share capital	300,000	300,000	300,000	300,000	300,000
Other Reserves	(1,762)	(6,897)	(4,737)	(9,746)	(513)
Retained earnings	19,392,495	16,866,201	11,677,787	7,389,983	6,474,245
Total equity	19,690,733	17,159,304	11,973,051	7,680,237	6,773,732
Non current liabilities					
Retirement benefit obligation	64,716	62,958	51,500	49,394	29,263
Deferred Tax Liability	7,452	106,304	90,348	121,015	164,765
Total non current liabilities	72,168	169,262	141,848	170,409	194,028
Current liabilities					
Trade and other payables	856,716	963,413	840,802	900,721	830,449
Borrowings	983,706	700,859	258,087	95,968	120,885
Taxation payable	1,359,780	2,436,905	1,868,446	318,779	131,828
Total current liabilities	3,200,202	4,101,177	2,967,335	1,315,468	1,083,162
Total equity and liabilities	22,963,103	21,429,743	15,082,233	9,166,114	8,050,922