



OKITIPUPA OIL PALM PLC

**ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

OKITIPUPA OIL PALM PLC
Annual Report
for the year ended 31 December 2021

	Page
Table of Contents	
Corporate Information	3
Results at a glance	4
Report of the Directors	5
Report of the Audit Committee	10
Statement of Corporate Responsibility	11
Statement of Directors' Responsibilities	12
Independent Auditor's Report	13
Statement of Profit or Loss and Other Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
Notes to the Financial Statements	22
Other national disclosures:	
- Value Added Statement	64
- Five-Year Financial Summary	65

OKITIPUPA OIL PALM PLC**Corporate information****for the year ended 31 December 2021**

Registered Company Number	17790		
Directors	Mr. Akinboye Oyewumi	Chairman, Non-Executive Director	Appointed as chairman on 1 March 2023
	Mr. Taiwo Adewole	Chief Executive Officer	
	Chief (Mrs) Alice M. Osomo	Non-Executive Director	Resigned as chairman on 1 March 2023
	Mr. Lateef Bakare	Non-Executive Director	Re-Appointed 9 July 2021
	Mr. Adewale Osomo	Non-Executive Director	
	Senator Victor Ndoma-Egba SAN	Independent Non-Executive Director	
	Mr. Jones Ogunmusire	Non-Executive Director	Appointed 9 July 2021
	Mrs. Abiola Awote	Non-Executive Director	Appointed 22 June 2021
	Oba G. B. Faduyife	Independent Non-Executive Director	
	High Chief Aroloye M. Adeolu	Non-Executive Director	Appointed 9 July 2021
	Chief Adejare A. Orina	Non-Executive Director	Appointed 9 July 2021
Registered Office and Principal Place of Business	No. 1 Marine Road, P.M. B 319, Okitipupa, Ondo State. Ondo State		
Company Secretary	DCSL Corporate Services Limited 235, Ikoro Road, Ilupeju, Lagos www.dcsf.com.ng		
Independent Auditor	Messrs. Ernst & Young 10th & 13th Floors, UBA House 57 Marina Lagos		
Bankers	Access Bank Plc Ecobank Nigeria Ltd First Bank of Nigeria Ltd First City Monument Bank Ltd Keystone Bank Ltd Polaris Bank Ltd Sterling Bank Plc Union Bank Plc United Bank of Africa Plc Unity Bank Plc Wema Bank Plc		
Solicitors	J. K. GADZAMA LP J. K. Gadzama Court, Plot 1805, Damaturu Crescent by Kabo Way, Off Ahmadu Bello Way, Garki, Abuja. OSBORNE LAWS 11-21, Adekunle Osomo Street, Estaport Estate, Soluyi, Gbagada, Lagos EQUITA LAW FIRM U Cuda, Opp CBN Building, Alagbaka, Akure, Ondo State. YINKA MUYIWA & CO, No 1, Ifeoluwa Street, Erinjogunola Villa, Opposite Civic Centre Ondo, Ondo state. Greenwich Registrars & Data Solutions Ltd 274, Murtala Muhammed Way, Alagomeji-Yaba, Lagos.		
Registrar	Greenwich Registrars & Data Solutions Ltd 274, Murtala Muhammed Way, Alagomeji-Yaba, Lagos.		

OKITIPUPA OIL PALM PLC
Results at a glance
for the year ended 31 December 2021

	2021	2020	% change
	₦'000	₦'000 *Restated	
Revenue	<u>713,359</u>	<u>555,086</u>	29%
Employees' expenses	<u>94,827</u>	<u>63,579</u>	49%
Profit before taxation	173,661	288,394	-40%
Income tax expense	<u>(132,844)</u>	<u>(58,488)</u>	127%
Profit for the year	<u>40,817</u>	<u>229,906</u>	-82%
Total comprehensive income	<u>40,927</u>	<u>229,906</u>	-82%
Net asset	<u>141,430</u>	<u>124,503</u>	14%
Number of employees	<u>56</u>	<u>54</u>	
Basic earnings per share	<u>0.43</u>	<u>2.39</u>	
Net asset per share	<u>1.47</u>	<u>1.30</u>	

* Certain amounts shown here do not correspond to the 2020 audited financial statements and reflect adjustments made, refer to Note 4.19.

OKITIPUPA OIL PALM PLC
Report of the Directors
for the year ended 31 December 2021

The Directors' present their report together with the audited financial statements of Okitipupa Oil Palm Plc ("the Company") for the year ended 31 December 2021, which disclose the state of affairs of the Company.

Incorporation

Okitipupa Oil Palm PLC was incorporated as a limited liability company and domiciled in Nigeria on the 17th day of May, 1976 to take over the Okitipupa Oil Palm Project under the management of the Nigerian Joint Agency Limited. In 1980, the company was brought under the supervision of the Governor's Office. In May 1987, Ondo State Development and Investment Promotion Agency which was formerly known and addressed as "Ondo state Investment (Holding) Company Limited" was established and vested with all the State Government's interest in Okitipupa Oil Palm Company Limited. The company became Public Liability Company in 1993.

Principal activities

The principal activities of the Company are the development of oil palm plantations, palm oil milling, palm kernel processing and vegetable oil refining. The products of the Company are; refined bleached and deodorized palm oil, palm olein, palm steaming, palm fatty acid distillate, palm kernel oil (crude and refined) and palm kernel cake.

Results	2021 N'000	2020 N'000 *Restated
Revenue from contracts with customers	48,520	3,167
Lease income	664,839	551,919
Revenue	<u>713,359</u>	<u>555,086</u>
Profit before income tax expense	173,661	288,394
Income tax expense	(132,844)	(58,488)
Profit for the year	<u>40,817</u>	<u>229,906</u>

Dividend

The Directors have not declared dividend for the period ended 31 December 2021 (31 December 2020: N0.25K per 50 kobo ordinary share).

Directors

The members of the Board of Directors during the year under review comprise:

Mr. Akinboye Oyewumi	Chairman, Non-Executive Director	Appointed as chairman on 1 March 2023
Mr. Taiwo Adewole	Chief Executive Officer	
Chief (Mrs) Alice M. Osomo	Non-Executive Director	Resigned as chairman on 1 March 2023
Mr. Lateef Bakare	Non-Executive Director	Re-Appointed 9 July 2021
Mr. Adewale Osomo	Non-Executive Director	
Senator Victor Ndoima-Egba SAN	Independent Non-Executive Director	
Mr. Jones Ogunmusire	Non-Executive Director	Appointed 9 July 2021
Mrs. Abiola Awote	Non-Executive Director	Appointed 22 June 2021
Oba G. B. Faduyile	Independent Non-Executive Director	
High Chief Aroloye M. Adeolu	Non-Executive Director	Appointed 9 July 2021
Chief Adejare A. Orina	Non-Executive Director	Appointed 9 July 2021

OKITIPUPA OIL PALM PLC
Report of the Directors -continued
for the year ended 31 December 2021

Directors retiring

In accordance with Section 285 (1) of the Companies and Allied Matters Act 2020, one-third of the Directors shall retire at the conclusion of the Annual General Meeting, and these Directors, being eligible, hereby may offer themselves for re-election.

The Directors retiring are Prince Kayode Aroloye, Chief John Akinleye, Emmanuel Fasalejo, High Chief Stephen O. Arowojolu on 22 June 2021.

Recent Information about history of the Share Capital

Due to the ageing of the company, below show the recent history of the share capital.

Year	Authorised Share Capital	Value	Issued and fully paid shares	Value
2008	100,000,000	50,000,000	96,000,000	48,000,000
2009	100,000,000	50,000,000	96,000,000	48,000,000
2010	100,000,000	50,000,000	96,000,000	48,000,000
2011	100,000,000	50,000,000	96,000,000	48,000,000
2012	100,000,000	50,000,000	96,000,000	48,000,000
2013	100,000,000	50,000,000	96,000,000	48,000,000
2014	100,000,000	50,000,000	96,000,000	48,000,000
2015	100,000,000	50,000,000	96,000,000	48,000,000
2016	100,000,000	50,000,000	96,000,000	48,000,000
2017	100,000,000	50,000,000	96,000,000	48,000,000
2018	100,000,000	50,000,000	96,000,000	48,000,000
2019	100,000,000	50,000,000	96,000,000	48,000,000
2020	100,000,000	50,000,000	96,000,000	48,000,000
2021	100,000,000	50,000,000	96,000,000	48,000,000

Shareholding

The issued and fully paid-up Share Capital of the Company is 96,000,000 Ordinary Shares of 50 kobo each. The following Shareholders held 5% and above of the issued share capital of the company as at 31st December, 2021 are:

S/N	SHAREHOLDER	NUMBER OF SHARE	PERCENTAGE
1	ESTAPORT FARMS LTD	34,214,546	36%
2	ONDO STATE DEVELOPMENT AND INVESTMENT PROMOTION AGENCY (ONDIPA)	28,573,479	30%

The shareholding analysis as at December 31, 2021 is shown below

RANGE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF ORDINARY SHARE	% SHAREHOLDINGS
1 - 1,000	10,735	4,220,228	4.40
1,001 - 5,000	3,741	6,901,476	7.19
5,001 - 10,000	351	2,388,442	2.48
10,001 - 50,000	273	4,846,864	5.05
50,000 - 100,000	36	2,526,641	2.63
100,001 - 500,000	26	4,849,406	5.05
500,000 - 1,000,000	2	1,359,000	1.42
ABOVE - 1,000,000	4	68,907,943	71.78
	15,168	96,000,000	100

OKITIPUPA OIL PALM PLC
Report of the Directors -continued
for the year ended 31 December 2021

Directors' interest

The director's interest in the ordinary shares of 50 kobo each that are fully paid up as recorded in the register of Directors' shareholdings and/or notified by them for the purposes of section 301 of the Companies and Allied Matters Act, 2020 are as follows:

Held as at:	31st December 2021		31st December 2020	
	Direct Number	Indirect Number	Direct Number	Indirect Number
Name				
Chief (Mrs) Alice M. Osomo	1,200	34,214,546	1,200	34,214,546
Mr. Akinboye Oyewumi	-	28,573,479		28,573,479
Mr. Adewale Osomo	57,020	-	57,020	-
Oba G. B. Faduyile	2,000	-	2,000	-

Managers' Remuneration

In compliance with section 257 of the Companies and Allied Matters Act, 2020 and the Nigerian Code of Corporate Governance, the Company makes disclosure of its remuneration of its managers as follows:

Type of package fixed	Descriptions	Timing
Basic Salary	This reflects the Company's competitive salary package and the extent to which the Company's objective have been met for the financial year.	Paid monthly during the financial year
Other allowances	This reflects the Company's competitive salary package and the extent to which the Company's objective have been met for the financial year.	Paid monthly during the financial year
Directors fees	Paid half yearly to Non-Executive Directors and Independent Non-Executive Directors.	Paid half yearly
Sitting allowances	Allowances paid to Non-Executive Directors and Independent Non-Executive Directors for attending Board and Board Committee meetings	Paid as per each meeting

Employee health, safety and welfare

The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive. Top health-care providers have been carefully selected to look after the healthcare needs of employees and their dependents.

We comply with relevant statutory provisions and regulations on health, safety and welfare matters.

OKITIPUPA OIL PALM PLC
Report of the Directors -continued
for the year ended 31 December 2021

Employee training and development

Company has adopted a new training policy that advocates training and re-training for all employees. Our training activities during the year cut across all categories of employees. Also, induction training has been designed to benefit new employees such that it will assist them settle into their roles conveniently. The newly introduced performance management system ensures that good performance is recognized and adequately rewarded while non-performance is appropriately sanctioned. The system is designed to assist employees develop and apply their innate skills and proficiency in the discharge of their assigned duties.

Directors have the opportunity to attend programs, relating to governance and business practices, as part of their continuing education. For the 2021 financial year, the Directors attended a Directors Induction and Training Programme on 26th October 2021.

Employment of physically challenged persons

The company is an equal opportunity employer and does not discriminate on any grounds. Thus, we provide employment opportunities to physically-challenged persons. However, this actually goes beyond the need to ensure that there is no discrimination against such persons, but driven by a deep conviction that even in disability,

Property and equipment

In the opinion of the Directors, the market value of the property, plant and equipments is not lower than the value shown in Note 18 to the financial statements.

Bearer's plant

The Directors are of the opinion that the bearer's plant measured at cost model and its value is not lower than the value shown in Note 19 to the financial statements.

Events after reporting period

The Directors are of the opinion that there were no events after the reporting date that could have material effect on the financial statements of the Company that had not been adequately provided for or disclosed in these financial statements note 38.

Corporate Social Responsibility

The Company spent ₦7.41 million on corporate social responsibility projects during the year (2020: ₦ 5.99 million). These comprised:

	2021 ₦'000	2020 ₦'000
▶ Community program involvement	7,410	5,987
	<u>7,410</u>	<u>5,987</u>

* The community program involvement relate to expenditure incurred to present an awards to Obas',chiefs, community leaders and support security personnel in the area.

Corporate responsibility for financial reports

In accordance with Section 405 of the Companies and Allied Matters Act 2020, each and all of the Directors, as at the date of the approval of this report confirm that:

So far as he is or they are aware, that the audited financial statements do not contain any untrue statement of material fact or omit state of material facts, which would make the statements misleading, in the light of the circumstances under which such statements are made; and

the audited financial statements and all other financial information included in the statements fairly presents, in all material respects, the financial condition and results of the operation of the company as of and for the periods covered by the audited financial statements.

OKITIPUPA OIL PALM PLC
Report of the Directors -continued
for the year ended 31 December 2021

Responsibility for Accuracy of Information

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

Donation

In accordance with Section 43(2) of the Companies and Allied Matters Act, 2020 ("CAMA"), the company did not make any donation or give gifts to any political party, political association or for any political purpose during the year (2020: Nil).

Audit Committee

Pursuant to Section 404 of the Companies and Allied Matters Act 2020, the Company has a statutory audit committee comprising three representatives of the Shareholders and two representatives of the Directors. The members of the Committee are;

MEMBERS OF AUDIT COMMITTEE

Pastor Alex Adio	Chairman, Representing Shareholders'
Senator Anthony Ademuyiwa Adeniyi SAN	Member Representing Shareholders'
Mr. Wole Awe	Member Representing Shareholders'
Mr. Adewale Osomo	Director
Mr. Akinboye Oyewumi	Director
	Resigned as member on 1 March 2023

Auditor

Messrs. Ernst & Young was appointed on 22 June 2021 as the Company's independent auditor and having satisfied the relevant corporate governance rules, during their tenure, have indicated their willingness to continue in office as the Company's auditors in accordance with Section 401 (2) of the Companies and Allied Matters Act 2020.

By Order of the Board of Directors



Anne Agbo
FRC/2013/NBA/00000000855
DCSL Corporate Services Limited
Company Secretary

22/03/2023

OKITIPUPA OIL PALM PLC
Report of the Audit Committee to the shareholder
for the year ended 31 December 2021

In Compliance within the provisions of sections 404 (7) of the Companies and Allied Matters Act, 2020, we, the members of the Audit Committee of Okitipupa Oil Palm Plc, having carried out our functions under the Act and report as follow:

1. We confirm that the accounting and reporting policies of the Company as contained in the financial statements for the year ended 31st December, 2021 are in accordance with legal requirements and agreed ethical practice.
2. We confirm that the external auditors, Messrs. Ernst & Young have issued an unqualified opinion on the company's financial statements for year ended 31st December, 2021.
3. In our opinion, the scope and planning of the audit for the year ended 31st December, 2021 were adequate and we confirm that the responses by the management to the external Auditors' findings on Management matters were satisfactory.



Pastor Alex Adio
FRC/2013/IMN/00000008638
Chairman, Statutory Audit Committee

Dated this 24/03/2023, 2023

MEMBERS OF AUDIT COMMITTEE

Pastor Alex Adio
Senator Anthony Ademuyiwa Adeniyi
Mr. Wole Awe
Mr. Adewale Osomo
Mr. Akinboye Oyewumi

Chairman, Representing Shareholders'
Member Representing Shareholders'
Member Representing Shareholders'
Director
Director Resigned as member on 1 March 2023

OKITIPUPA OIL PALM PLC
Statement Of Corporate Responsibility
for the year ended 31 December 2021

Certification Pursuant to Section 405(1) of the Companies and Allied Matters Act, 2020

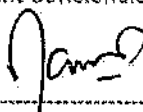
We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2021 that:

- a. We have reviewed the report;
To the best of our knowledge, the report does not contain:
 - Any untrue statement of a material fact, or
 - Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;
- b. To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operations of the company as of, and for the periods presented in this report.
- c. We:
 - are responsible for establishing and maintaining internal controls.
 - have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- d. We have disclosed to the auditors of the Company and Audit Committee:
 - All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
 - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Akinboye Oyewumi
Chairman
FRC/2023/PRO/DIR/003/916354
24/03/2023



Mr. Taiwo Adewole
Chief Executive Officer
FRC/2020/03/00000021511
24/03/2023



Omotayo Odunayo
Acting Chief Financial Officer
FRC/2022/PRO/ICAN/001/868246
24/03/2023

OKITIPUPA OIL PALM PLC
Statement of Directors' Responsibilities
for the year ended 31 December 2021

The Companies and Allied Matters Act, 2020, 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 year and of its profit or loss. The responsibilities include ensuring that the Company:

- ▶ 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, 2020, and the financial reporting council of Nigeria Act No. 6, 2011.
- ▶ establishes appropriate and adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities;
- ▶ prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied; and
- ▶ the financial statements prepared on a going concern basis.

The Directors accept responsibility for the annual 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 (IFRS); in the manner required by Companies and Allied Matters Act, 2020; and the Financial Reporting Council of Nigeria 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 position of the Company, of its financial performance and cash flows 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.

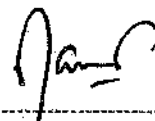
Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of Board of Directors by:



Mr. Akinboye Oyewumi
Chairman
FRC/2023/PRO/DIR/003/916354

24 March 2023



Mr. Taiwo Adewole
Chief Executive Officer
FRC/2020/03/00000021511

24 March 2023

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OKITIPUPA OIL PALM PLC
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of Okitipupa Oil Palm Plc ('the Company') which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Okitipupa Oil Palm Plc as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 4.19 of the financial statements, which describes the effect of the correction of the prior periods errors. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OKITIPUPA OIL PALM PLC
Report on the Audit of the Financial Statements-continued**

Key Audit Matter-Continued

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit include the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<i>Key Audit Matter</i>	<i>How the matter was addressed in the audit</i>
<p>Timing of revenue recognition</p> <p>The company's revenue comprises majority of sale of palm oil products and lease income. The company recognized lease income based on the allocated acres of land to licensees annually over a period of one year and this is apportioned over the months earned during the year. For the year ended 31 December 2021, the Company's lease income increased from N551.92 million in 2020 to N664.84million representing about 20% increase YoY. We have considered this to be a key audit matter because the rate used per acre is subjective as this depend on estimated/planned rate approved by the Board of Directors.</p> <p>The revenue disclosures are outlined in Note 8.1 and 8.2 of the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> ▶ walkthroughs to understand the adequacy and the design of the revenue recognition process. ▶ checked the revenue recognition policy applied by the Company to ensure it is in compliance with International Financial Reporting Standards (IFRS) 15 - Revenue recognition requirements. ▶ analytical review procedures to understand the revenue trend. ▶ tested a sample of contract together with invoice embedded therein, validating and vouching the invoices booked, to the underlying harvest contract and evidence of payment/demand notice. ▶ performed cut off procedures by selecting samples of transactions during cut-off period, to ensure revenue had been recognized in the appropriate accounting period. ▶ traced payments received from the customers including licensees to the bank statements to ascertain that actual income were recorded. ▶ reviewed the assumptions and estimation involved in the determination of the rate per acre; samples were selected to confirm estimated number of palm tree per acre, reviewed the discounted yield and agreed the rate per bunch to third party invoice. ▶ reviewed the appropriateness and completeness of the related disclosures in the notes to the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OKITIPUPA OIL PALM PLC
Report on the Audit of the Financial Statements-continued
Key Audit Matter-Continued**

<i>Key Audit Matter</i>	<i>How the matter was addressed in the audit</i>
<p>Valuation of Biological Asset</p> <p>The company uses a fair value model to determine the valuation of its biological assets. The valuation of the biological asset involves complex and subjective judgements about the expected produce growing on the trees, projected fruits to be harvested and other estimate.</p> <p>As of 31 December 2021, biological assets were valued at NGN137.45million (2020: NGN 132.68million). The expected produce growing on the tree and harvested fruits price has been identified as a source of estimation uncertainty.</p> <p>The significant accounting policy and critical judgments relating to the valuation are outlined in Note 4.18. The fair value disclosures of biological assets are outlined in Note 7.4 of the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> ▸ reviewed the model used by management in valuation of biological assets to ensure it was in accordance with the requirements of IAS 41 "Agriculture". ▸ tested management's ability to forecast by comparing the palm oil yield used in the prior year valuation to the actual yields in the current year. ▸ checked that the model used was consistent with prior year. ▸ tested the underlying assumptions and estimation applied in determining the projected fruits to be harvested and price. ▸ tested the mathematical accuracy of the model and inspected the data inputs into the model relating to plantation size, number of trees and actual yield. ▸ checked the presentation and disclosure of Management's valuation in the financial.

Other Matter

The financial statements of Okitipupa Oil Palm Company Plc for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on the Financial statements on 27 April 2021.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Okitipupa Oil Palm Plc, Annual Report for the year ended 31 December 2021", which includes the Report of the Directors, Statement of Directors' Responsibilities, Certificate of Compliance and Other National Disclosures (Value Added Statements and Five-Year financial summary) as required by the Companies and Allied Matters Act, 2020. The other information does not include the financial statements and our auditor's report thereon.

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OKITIPUPA OIL PALM PLC
Report on the Audit of the Financial Statements-continued**

Other Information-Continued

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria 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 misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

*Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
OKITIPUPA OIL PALM PLC - continued
Report on the Audit of the Financial Statements-continued**

Auditors' Responsibilities for the Audit of the Financial Statements-continued

- * Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- * Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 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 in so far as appears from our examination of those books;
- iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Omolola Alebiosu, FCA
FRC/2012/ICAN/00000000145
For: Ernst & Young
Lagos, Nigeria

24 March 2023



OKITIPUPA OIL PALM PLC

**Statement of profit or loss and other comprehensive income
for the year ended 31 December**

	Notes	2021 N'000	2020 N'000
			*Restated
Revenue from contracts with customers	8.1	48,520	3,167
Lease income	8.2	664,839	551,919
Revenue		713,359	555,086
Harvested produce consumed	8.3	3,320	-
Other income	9	66,100	17,060
Raw materials and consumables used	10	(164,964)	(76,249)
Employee benefits expense	11	(94,827)	(63,579)
Other expenses	12	(354,086)	(235,880)
Finance costs	14	-	(2,538)
Net gain on valuation of biological assets	20	4,759	94,494
Profit before taxation		173,661	288,394
Income tax expense	16.1	(132,844)	(58,488)
Profit for the year		40,817	229,906
Other Comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain on equity investment measured at FVOCI	21	110	-
Other comprehensive income for the year; (net of tax)		110	-
Total comprehensive income for the year; (net of tax)		40,927	229,906
Basic earnings per ordinary share (kobo)			
	17	0.43	2.39
Diluted earnings per ordinary share (kobo)			
	17	0.43	2.39

The accompanying notes to the financial statements are an integral part of these financial statements.

* Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to Note 4.19.

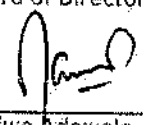
OKITIPUPA OIL PALM PLC
Statement of financial position
as at 31 December

	Notes	2021 N'000	2020 N'000	1-Jan-2020 N'000
			*Restated	*Restated
Assets				
Non-current assets				
Property, plant and equipment	18	261,102	173,987	122,478
Bearer's plant	19	612,099	385,841	382,501
Biological asset	20.1	137,447	132,688	38,194
Deferred tax assets	16.4	-	-	43,528
Investment-equity	21	160	50	50
Deferred assets	22	106,950	104,500	80,000
Total non-current assets		1,117,758	797,066	666,751
Current assets				
Inventories	23	9,745	283	1,200
Trade and other receivables	24	14,857	102,222	488
Cash and cash equivalents	25	114,576	103,442	1,665
Total current assets		139,178	205,947	3,353
Total assets		1,256,936	1,003,013	670,104
Equity and liabilities				
Equity				
Share capital	26	48,000	48,000	48,000
Share premium	27	9,368	9,368	9,368
Accumulated Losses		(50,048)	(66,865)	(296,771)
Fair value reserve	21	110	-	-
Deposit for shares	28	134,000	134,000	134,000
Total equity		141,430	124,503	(105,403)
Liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings	33	-	-	12,442
Deferred tax liabilities	16.4	97,654	873	-
Total non-current liabilities		97,654	873	12,442
Current liabilities				
Other payables	31	282,042	507,653	686,226
Other post-employment benefits obligations	30.1	50,436	49,760	-
Contract Liabilities	32	637,063	280,651	46,147
Interest-bearing loans and borrowings	33	-	9,000	22,084
Unclaimed Dividend	29	6,469	-	-
Current tax Liabilities	16.3	41,842	30,573	8,608
Total current liabilities		1,017,852	877,637	763,065
Total liabilities		1,115,506	878,510	775,507
Total equity and liabilities		1,256,936	1,003,013	670,104

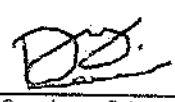
These financial statements were approved by the Board of Directors on and signed on its behalf by:



Mr. Akirboye Oyewumi
 Chairman
 FRC/2023/PRO/DIR/003/916354



Mr. Taiwo Adewole
 Chief Executive Officer
 FRC/2020/03/00000021511



Omotayo Odunayo
 Acting Chief Financial Officer
 FRC/2022/PRO/ICAN/001/868246

The accompanying notes to the financial statements are an integral part of these financial statements.

* Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to Note 4.19.

OKITIPUPA OIL PALM PLC
Statement of changes in equity
for the year ended 31 December

	Share capital	Share premium	Deposit for shares	Accumulated Losses	Fair Value Reserves	Total
	N'000	N'000	N'000	N'000	N'000	N'000
As at 1 January 2021 (restated*)	48,000	9,368	134,000	(66,865)	-	124,503
Profit for the year	-	-	-	40,817	-	40,817
Other comprehensive income; net of tax	-	-	-	-	110	110
Total comprehensive income for the year	-	-	-	40,817	110	40,927
Transaction with shareholders:						
Dividend declared (Note 29)	-	-	-	(24,000)	-	(24,000)
At 31 December 2021	48,000	9,368	134,000	(50,048)	110	141,430

For the year ended 31 December 2020

As at 1 January 2020	48,000	9,368	134,000	(206,072)	-	(14,704)
Adjustment on correction of error Note 4.19	-	-	-	(90,699)	-	(90,699)
As at 1 January 2020 (restated*)	48,000	9,368	134,000	(296,771)	-	(105,403)
Profit for the year	-	-	-	229,906	-	229,906
Total comprehensive income for the year	-	-	-	229,906	-	229,906
As at 31 December 2020 (restated*)	48,000	9,368	134,000	(66,865)	-	124,503

The accompanying notes to the financial statements are an integral part of these financial statements.

* Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to Note 4.19.

OKITIPUPA OIL PALM PLC
Statement of cash flows
for the year ended 31 December

	Notes	2021 N'000	2020 N'000
			Restated*
Operating activities			
Profit before taxation		173,661	288,394
Adjustments for non-cash items			
Depreciation of property, plant and equipment and bearer's plant	13	49,890	20,903
Expected credit loss	12	62,547	-
Sundry income	9	(40,195)	(15,315)
Net effect of inventory valuation	9	(8,434)	-
Harvested produce consumed	8.3	(3,320)	-
Raw materials and consumables used	10	3,320	-
Fair value changes in biological assets	20	(4,759)	(94,494)
Stock written off	12	1,419	15,600
Finance costs	14	-	2,538
Changes in operating assets and liabilities			
(Increase)/Decrease in inventories		(9,462)	917
Decrease/(increase) in trade and other receivables		87,365	(101,734)
Decrease in other payables		(265,066)	(178,573)
Increase in contract Liabilities		356,412	234,504
		403,379	172,740
Income tax paid	16.3	-	-
Net cash flows from operating activities		403,379	172,740
Investing activities			
Purchase of bearer's plant	19	(242,765)	(12,755)
Purchase of property, plant and equipment	18	(120,498)	(64,600)
Proceed from disposal of property, plant and equipment		-	22,016
Deferred assets	22	(2,450)	(2,540)
Net cash flows used in investing activities		(365,713)	(57,878)
Financing activities			
Repayment of borrowings (net of accrued interest)	33	(9,000)	(13,084)
Dividends paid	29	(17,531)	-
Net cash flows used in financing activities		(26,531)	(13,084)
Net increase in cash and cash equivalents		11,134	101,778
Cash and cash equivalents at 1 January		103,442	1,665
Cash and cash equivalents at 31 December	25	114,576	103,442

The accompanying notes to the financial statements are an integral part of these financial statements.

* Certain amounts shown here do not correspond to the 2020 financial statements and reflect adjustments made, refer to Note 4.19.

OKITIPUPA OIL PALM PLC
Notes to the financial statements
for the year ended 31 December

1 Corporate information

Okitipupa Oil Palm PLC was incorporated as a limited liability company and domiciled in Nigeria on the 17th day of May, 1976 to take over the Okitipupa Oil Palm Project under the management of the Nigerian Joint Agency Limited. In 1980, the company was brought under the supervision of the Governor's Office. In May 1987, Ondo State Development and Investment Promotion Agency which was formerly known and addressed as "Ondo state Investment (Holding) Company Limited" was established and vested with all the State Government's interest in Okitipupa Oil Palm Company Limited. The company became Public Liability Company in 1993.

The Company is located at No. 1 Marine Road, Okitipupa, Ondo State.

The principal activities of the Company are the development of oil palm plantations, palm oil milling, palm kernel processing and vegetable oil refining. The products of the Company are: refined bleached and deodorized palm oil, palm olein, palm steaming, palm fatty acid distillate, palm kernel oil (crude and refined) and palm kernel cake.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of The Okitipupa Oil Palm Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by the provision of the Companies and Allied Matters Act 2020, and the Financial Reporting Council of Nigeria Act No. 6, 2011. The financial statements comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows and explanatory notes.

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

Biological Assets and agricultural produce	Fair value less cost to sale
Investment-Equity	Fair value through OCI

2.2 Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional currency. Except as otherwise indicated, financial information presented in Naira has been rounded to the nearest thousand (N000).

2.3 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under historical cost convention, complex and non-complex fair value in accordance with applicable standards.

2.4 Presentation of financial statements

The Company classifies its expenses by nature.

The Company has presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position.

The financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2020 is presented in these financial statements due to the correction of an error retrospectively. See Note 4.19.

The cash flows from operating activities are determined using the indirect method. The Company's assignment of the cash flows to operating, investing and financing category depends on the Company's business model and the applicable standard.

2 Basis of preparation - continued

2.5 Current versus non current classification

The company presents assets and liabilities in the statements of financial position based on current/non current classification. An asset is presented as current when it is

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are presented as non-current.

A liability is presented as current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in Nigeria requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

In the process of applying the Company's accounting policies, management has made various judgements and 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.

Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Items with the most significant effect on the amount recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

3.1 Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3 Significant accounting judgements, estimates and assumptions - continued

3.2 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the company.

3.3 Defined benefit plans

The cost of the defined benefit obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Company determines the net interest expense (income) on the defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

4 Summary of significant accounting policies

4.1 New and amended standards and interpretations

The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- ▶ To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- ▶ To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company due to the fact that the company is not exposed to any IBOR related rates. The Company intends to use the practical expedients in future periods if they become applicable.

4 Summary of significant accounting policies -Continued

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

4.2 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

► **IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

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

This does not have any impact on the company.

OKITIPUPA OIL PALM COMPANY PLC

Notes to the financial statements - continued

4 Summary of significant accounting policies - Continued

4.2 Standards issued but not yet effective-continued

▶ **Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2023**

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

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

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

▶ **Amendments to IAS 37 Onerous Contracts: Costs of Fulfilling a Contract - Effective date for annual periods beginning on or after 1 January 2022**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

▶ **Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use - Effective date for annual periods beginning on or after 1 January 2022**

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

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

4 Summary of significant accounting policies - Continued

4.2 Standards issued but not yet effective-continued

► Amendments to IFRS 1 First-time Adoption of IFRS: Subsidiary as a first-time adopter - Effective date for annual periods beginning on or after 1 January 2022

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

This amendment is not applicable to the Company.

► Amendments to IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities - Effective date for annual periods beginning on or after 1 January 2022

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

► Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

The amendments are not expected to have a material impact on the Company.

4 Summary of significant accounting policies - continued

4.2 Standards issued but not yet effective - continued

► Amendments to IAS 41 Agriculture - Taxation in fair value measurements - Effective date for annual periods beginning on or after 1 January 2022

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company

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

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

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

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendment will be effective for annual periods beginning on or after 1 January 2023. The Company is currently assessing the impact on its financials.

4 Summary of significant accounting policies - continued

4.3 Revenue from contract with customers

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

The Company is in the business of cultivating oil palm, lease of harvesting fresh fruit bunches to customers for short period of time, processing of fresh fruit bunches into crude palm oil for resale.

Revenue is recognised when (or as) a performance obligation is satisfied. Performance would be regarded as being achieved when all of the following criteria have been met;

- ▶ Company's performance is complete; when (or as) a performance obligation is satisfied.
- ▶ The benefit of the revenue will actually flow to the company

There are no judgement that significantly affect the determination of the amount and timing of its revenue from contracts with customers.

4.3.1 sales of Crude Palm oil

This comprises revenue from sales of palm oil related products to customers i.e Individual and corporate. Revenue is recognized when the products have been sold. Revenue is recognized at a point in time when control of goods has been transferred to the customer. Depending on the terms of the contract with the customer, control is transferred either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer, or upon delivery of the goods for consideration received or receivables.

4.3.2 sales of Palm Kernel (Uncraked)

These comprises of revenue from uncraked palm kernel for customers i.e. individual and corporate. Revenue is recognised at a point in time when control of goods has been transferred to the customer through the company's palm oil mill processing equipment.

4.3.3 Sales of Sludged

These comprises of revenue from sludged for customers i.e. individual Revenue is recognised at a point in time when control of goods has been transferred to the customer through the company's palm oil mill processing equipment.

4.3.4 Sales of Fresh Fruit Bunches

This comprises revenue from sales of fresh fruit bunches. Revenue is recognized when the products have been sold. Revenue is recognized at a point in time when control of goods has been transferred to the customer. Depending on the terms of the contract with the customer, control is transferred either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer, or upon delivery of the goods to the customer for immediate payment of cash to the bank.

4.4 Financial instruments

IFRS 9 provides guidance on the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

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

4 Summary of significant accounting policies - continued

4.4.1 Classification and measurement

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement are dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

The Company's financial assets as at 31 December 2021 satisfy the conditions for classification at fair value through other comprehensive income and amortised cost under IFRS 9.

The Company's financial assets include trade receivables, intercompany receivables, other receivables, investment equity, cash and bank balances. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Company's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Company's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

4.4.2 Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables while the general approach is applied to cash and bank balances.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit and loss in those expense categories consistent with the function of the impaired asset.

4 Summary of significant accounting policies - continued

4.4 Financial instruments-continued

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the gross domestic product (GDP) in Nigeria and crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

4.4.3 Significant increase in credit risk and default definition

The Company assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

4.4.4 Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

• where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

4 Summary of significant accounting policies - continued

4.4.5 Derecognition

The Company derecognised a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial liabilities

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

4.4.6 Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

4.4.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.5 Provisions, contingent liabilities and contingent assets

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

When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are not recognised for future operating losses. The company discloses contingent liability where it is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The company also discloses contingent asset where it is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. Contingent assets are recognised when they are virtually certain.

4.6 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the company operates and generates taxable income.

4 Summary of significant accounting policies - continued

4.6 Taxes-Continued

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

▶ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

▶ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in the correlation to the underlying transaction either in OCI or directly in equity.

4.7 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Accounting policy

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

▶ In the principal market for the asset or liability

Or

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

The principal or the most advantageous market must be accessible by the Company.

OKITIPUPA OIL PALM COMPANY PLC

Notes to the financial statements - continued

4 Summary of significant accounting policies - continued

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4.8 Finance income and cost

Finance income comprises interest income on short-term deposits with banks and foreign exchange gains. Interest income on short-term deposits is recognized using the effective interest method. When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using only inputs observable in market transactions, the entity recognises the difference between the transaction price and fair value in profit or loss.

In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Finance costs comprise interest expense on interest bearing liabilities, unwinding discount from CAPM and foreign exchange losses. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

4.9 Property, plant and equipment

4.9.1 Recognition and measurement

Property, plant and equipment including bearer's plant are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. An asset is recognized when it is probable that the economic benefits associated with the item flow to the entity and cost can be reliably measured.

4.9.2 Subsequent costs

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

4.9.3 Depreciation

Depreciation is calculated to write off the cost or revalued amount of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

OKITIPUPA OIL PALM COMPANY PLC
Notes to the financial statements - continued

4 Summary of significant accounting policies - continued

4.9 Property, plant and equipment - Continued

The estimated useful life of items of property, plant and equipment are as follows:

	%
Plant and equipment	10
Building	10-20
Motor vehicles and cycles	4
Furniture and Fittings	5-10
Bearer's Plant	5

Land comprises freehold and leasehold. Freehold land is not depreciated as it is a freehold asset with an indefinite useful life. Leasehold is depreciated over the shorter of the useful life of the asset or lease term.

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively

Gains or losses on disposal of property, plant and equipment are determined as the difference between disposal proceeds and carrying amount of the disposed assets. These gains or losses are included in profit or loss

4.9.4 De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

4.10 Leases

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

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

As a lessor

At commencement or on modification of a contract that contains a lease component, Company classify all leases as operating leases. Lease classification determines how and when a lessor recognises lease income and assets are recorded.

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income. Contingent rents are recognised as revenue in the period in which they are earned (if any).

The Company continue to recognises a lease income and underlying asset on statement of comprehensive income in line with the company month-on-month recovery pattern and statement of financial position. A lessor recognises costs, including depreciation, incurred in earning the lease income as an expense. IFRS 16 also requires lessors of operating leases to defer initial direct costs at lease commencement and recognise them over the lease term on the same basis as lease income.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

OKITIPUPA OIL PALM COMPANY PLC

Notes to the financial statements - continued

4 Summary of significant accounting policies - continued

4.11 Leases-continued

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

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

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

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

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

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

4.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on a weighted average cost basis. The cost of inventories is the purchase cost. The net realisable value of inventories is based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

OKITIPUPA OIL PALM COMPANY PLC

Notes to the financial statements - continued

4 Summary of significant accounting policies - continued

4.12 Inventories-continued

The cost of stock finished products are determined by adding production cost to the fair value of the agricultural produce concerned.

The cost of stock finished products are determined by adding production cost to the fair value of the agricultural produce concerned.

4.13 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cashflow comprises cash on hand, and amounts due from banks on demand or with an original maturity of three months or less. Bank overdrafts, are shown within loan and borrowings in current liabilities on the statement of financial position.

4.14 Share Capital and reserves

Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the proceeds of the equity instruments.

4.15 Earnings per share (EPS)

Basic EPS

Basic earnings per share is calculated on the Company's profit or loss after taxation and on the basis of weighted average of issued and fully paid ordinary shares at the end of the year.

Diluted EPS

Diluted EPS is calculated by dividing the profit or loss after taxation by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (after adjusting for outstanding share options arising from the share-based payment scheme) into ordinary shares.

Dividend

Dividends on ordinary shares are recognised as a liability in the period in which they are approved.

4.16 Post-employment benefits

4.16.1 Defined contribution scheme

The Company contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Company. The Company's contributions to the defined contribution scheme are charged to the profit and loss account in the year to which they relate.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The Company operates a defined contribution plan and it is accounted for based on IAS 19 Employee benefits.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee.

4 Summary of significant accounting policies - continued

4.16.2 Defined benefit scheme

The Company did not operate a defined benefit gratuity plan, which may require contributions and separate valuation to be made on an annual basis.

Termination benefits

The company or the employee reserves the right to terminate an employment, in writing, without adducing any reason whatsoever.

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably using the basic salary due for the month(s).

An appointment may be terminated by 'dismissal' for serious breach of the company's regulation and/or breach by the employee of the conditions and terms of his employment. In the case of dismissal, no notice is given and all privileges, including end-of-service benefit are forfeited. The company is not bound to give reasons for such dismissal in the dismissal letter.

Leave notice:

For junior officer, supervisor and officers:

No notice during probation and one month on confirmation of appointment.

For senior management and above:

No notice while on probation and three months on confirmation of appointment

All resignations received from employee are expected to be screened and certified free before accumulated leave due to an employee. The company shall compute and communicate the cash due using only basic salary due for the month(s).

Short term benefits

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

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4. Summary of significant accounting policies - continued

4.17 Bearer plants

Bearer plants comprise of palm plantation. These assets are initially recognised at their historic cost. The historic costs comprises the amount incurred from the stage of pre-cropping, land clearing, agricultural labour, the cost of material and the other expenditure incurred to bring the bearer plants to the point of maturity.

Each group of bearer plants is grouped into the year in which the cultivation of the plant commences. The group of assets are segregated according to the year and the product type. The bearer plants are first recognised as immature until classified as mature.

Bearer plants are recognised as mature when the following events occur:

Palm oil plantations are treated as mature when palm tree bearing fruits or it peers that bearing fruit which ever come earlier and management approval.

Bearer plants are stated at cost less accumulated depreciation and accumulated impairment losses. Cost include expenditure that are directly attributed to the planting and nurturing of the bearer plant prior to the asset being tapped and harvested. the amount incurred are recorded as immature plantation. All other costs incurred for maintenance after recognition as matured plantation are charged to the income statement during the financial period in which they are incurred. Also, All cost incurred for improvement of bearer plant after recognition as matured plantation are capitalised as addition during the financial period in which they are incurred.

4.18 Biological Assets

Biological assets are measured at fair values less estimated costs to sell. Palm oil trees are bearer plants and are therefore presented and accounted for as bearer plants. However, the fresh fruit bunches (FFB) growing on the trees are accounted for as biological assets until the point of harvest. Any gains or losses arising on subsequent changes in fair values less estimated cost to sell are recognised in profit or loss in the year in which they arise.

All costs of upkeep and maintenance of biological assets are recognised in profit or loss under cost of production in the period in which they are incurred.

IAS 41 applies to agricultural produce (i.e. harvested produce) at the point of harvest only, not prior or subsequent to harvest.

Harvested fresh fruit bunches (FFB) are transferred to inventory at fair value less costs to sell when harvested.

4.19 Correction of error

Errors can arise in respect of the recognition, measurement, presentation, or disclosure of elements of financial statements. In the case where the Company identifies an errors during the year relating to prior periods, the error is corrected retrospectively by restating the amounts for the prior period(s) presented in which the error occurred.

OKITIPUPA OIL PALM COMPANY PLC
Notes to the financial statements - continued

4 Summary of significant accounting policies - continued

4.19 Correction of error - continued

i Guaranty Trust Bank

Prior to 1 January 2021, the company obtained loan from the bank in which the Company believe the interest on the loan was over-paid for during the settlement of the loan. Guaranty bank disputed over-payment and the matter on negotiation with no response from Guarantee Trust Bank. Management had recognised excess payment amount as receivables in error from year 2011.

Furthermore, the balance as per issued financial report was incorrectly presented in the past due to the nature of the circumstances.

The error has been corrected by restating each of the affected financial statement line items at the beginning of prior periods, as follows:

	31-Dec-20 N'000	1-Jan-20 N'000
a Impact in Statement of Financial Position		
Decrease in trade and other receivables	(27,725)	(27,725)
Increase in retained Earnings	(27,725)	27,725

Thus, we disclose the amount as contingent asset in Note 33

ii Director's fee and Allowances

Subsequent to issuing the 31 December 2020 financial report, Board approved payment of 2020 and 2019 Directors fee and allowance that was not accrued for in the respective years of the financial statements.

Furthermore, the balance as per issued financial Statement was incorrectly presented including the other expenses i.e Directors' fees.

The error has been corrected by restating each of the affected financial statement line items at the beginning of prior periods, as follows:

	31-Dec-20 N'000	1-Jan-20 N'000
a Impact in Statement of Financial Position		
Increase in other payables	(91,895)	(56,987)
Decrease in retained Earnings	91,895	56,987
b Impact on Statement of Profit or Loss and Other Comprehensive income		
Increase in Other expenses	34,908	-

iii Consultancy fee

Prior to 1 January 2021, the company engaged the services of Greenwich Registrars & Data Solutions Ltd to oversee the increase in share program. The management discovered that obligation was not accrued for in the 2020 financial statements. However, the services was delivered in 2020.

Furthermore, the balance as per issued financial report was incorrectly presented including the other expenses (general consultant expenses).

The error has been corrected by restating each of the affected financial statement line items (note 4.19 (ix))

	31-Dec-20 N'000	
Impact in Statement of Financial Position		
Increase in retained Earnings	21,998	
Increase in other payables	(21,998)	-
Impact on Statement of Profit or Loss and Other Comprehensive income		
Increase in Other expenses	21,998	-

OKITIPUPA OIL PALM COMPANY PLC
Notes to the financial statements - continued

4 Summary of significant accounting policies - continued

4.19 Correction of error - continued

iv Legal Fee

Prior to 1 January 2021, unrecorded liability for legal fee that met to be for 2020 were discovered by the management as not accrued for at the point of payment. Furthermore, the profit reported in 2020 was overstated and balance as per financial statements was understated.

The error has been corrected by restating each of the affected financial statements line items note 4.19 (x).

	31-Dec-20 N'000
Impact in Statement of Financial Position	
Increase in retained earnings	12,514
Increase in other payables	(12,514)
Impact on Statement of Profit or Loss and Other Comprehensive income	
Increase in other expenses	12,514

v Biological Assets

The Company did not recognize biological assets relating to produce growing on the bearer plants.

IAS 41.5C states that "produce growing on bearer plant is a biological asset". Further, and in line with IAS 41.12, "A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell"

In the prior year the biological assets were not recognised in the Financial statements.

The error has been corrected by restating each of the affected financial statement line items at the beginning of prior periods, as follows:

	31-Dec-20 N'000	1-Jan-20 N'000
a Impact in Statement of Financial Position		
Increase in Biological assets	132,688	38,194
Decrease in retained earnings	(44,071)	5,987
Increase in deferred tax liabilities	(88,616)	(44,181)
b Impact on Statement of Profit or Loss and Other Comprehensive income		
Increase in fair value change of biological assets	(94,494)	
Increase in Income tax expense	44,436	

OKITIPUPA OIL PALM COMPANY PLC
Notes to the financial statements - continued

4 Summary of significant accounting policies - continued

4.19 Correction of error-continued

vi Lease income

Subsequent to issuing the 31 December 2020 financial report, the company lease income was understated by not recognise advances received from the trade licensee in 2019 as lease income earned in 2020 when customer had harvested significant fresh fruit bunches at the plantations allocated in the year 2020.

The error has been corrected by restating each of the affected financial statements line items (Note 4.19 (ix)), as follows:

	31-Dec-20
a Impact in Statement of Financial Position	₺'000
Decrease in contract liabilities	6,871
Increase in retained earnings	(4,810)
Increase in tax payable	(2,061)
b Impact on Statement of Profit or Loss and Other Comprehensive income	
Increase in lease income	(6,871)
Increase in Income tax expense	2,061

Vii Reclassification

Some prior year financial information was reclassified to give more clarity and better understanding of the element of the financial statements.

i) Reclassification of opening deferred tax assets to deferred tax liabilities

Due to the correction of the errors stated above, the Company's reported deferred tax assets turn deferred tax liabilities and trade receivables turn trade payables. Below adjustment is proposed to properly state the account:

	31-Dec-20
Impact in Statement of Financial Position	₺'000
Decrease in deferred tax liability	87,743
Decrease in deferred tax assets	(87,743)
Increase in trade and other receivables	8,300
Increase in other payables	(8,300)

ii) Reclassification between Bearers Plant and Biological Assets

The company disclosed bearer's plant as biological assets, but properly recognised and measured in their treatment. For more clarity in the disclosure below reclassification is proposed to properly state the account.

	31-Dec-20
Impact in Statement of Financial Position	₺'000
Increase in bearer's plant	385,841
Increase in biological assets	(385,841)

iii) Reclassification of deferred assets and investment equity

For clarity and understanding, we consider separation of deferred asset from investment-equity and not Other Deferred Assets/Investments.

	31-Dec-20
Impact in Statement of Financial Position	₺'000
Increase in investment-equity	50
Increase in deferred Assets	104,500
Decrease in other Deferred Assets/Investments	(104,550)

OKITIPUPA OIL PALM COMPANY PLC
Notes to the financial statements - continued

4.19 Correction of error-continued

iv) Reclassification of trade and other receivables

The management separate trade receivables from other receivables in its statement of the financial position in its 31 December 2020 financial statements. To enable the company, align the prior year presentation to the current year format, the company merge trade receivables with other receivables and properly disclose same in the financial statements. Below reclassification is proposed to properly state the account:

	31-Dec-20
Impact in Statement of Financial Position	N'000
Increase in trade and other receivables	121,648
Increase in trade receivables	(88,230)
Increase in Other receivables	(33,418)

v) Reclassification of post employment benefits and contract liabilities from Other payables

In the company financial statements for the year ended 31 December 2020, the company presented all other payables together as a line disclosure in its statement of financial position. To align the disclosure in its 31 December 2021 financial statements with the comparatives, below reclassification adjustment is proposed to properly state the account

	31-Dec-20
Impact in Statement of Financial Position	N'000
Decrease in other payable	(313,352)
increase in post employment benefit	49,760
Increase in contract liabilities	287,522
Decrease financial liabilities	(24,207)

vi) Reclassification to split revenue into accounting standard stream

The company presented all revenue together as a line disclosure in statement of profit or loss. To align the disclosure to give more clarity to sources of revenue from IFRS 15 and IFRS 16. Below reclassification adjustment is proposed to properly state the account.

	31-Dec-20
Impact on Statement of Profit or Loss and Other Comprehensive income	N'000
Decrease in revenue	(548,216)
Increase in revenue from contracts with customers	3,167
Increase in lease income	545,048

vii) Reclassification of Cost of sale to raw material and consumables used and other expenses

In the company financial statement for the year ended 31 December 2020, the company presented cost of sale as a line item in the statement of profit or loss. To align the disclosure in its 31 December 2021 based on the nature of the company with the comparative. below reclassification adjustment is proposed to properly state the account

	31-Dec-20
Impact on Statement of Profit or Loss and Other Comprehensive income	N'000
Decrease in cost of sale	81,617
Increase in raw materials and consumables used	(76,249)
Increase in other expenses	(5,368)

viii) Reclassification of Selling, general and admin, exp to employee benefit expenses and other expenses.

In the company financial statement for the year ended 31 December 2020, the company presented cost of sale as a line item in the statement of profit or loss. To align the disclosure in its 31 December 2021 based on the nature of the company with the comparative. below reclassification adjustment is proposed to properly state the account

OKITIPUPA OIL PALM COMPANY PLC
Notes to the financial statements - continued

4.19 Correction of error-continued

	31-Dec-20
Impact on Statement of Profit or Loss and Other Comprehensive income	N'000
Decrease in selling, general & Admin. Exp	223,138
Decrease in finance costs	1,526
Increase in employee benefits expense	(63,579)
Increase in other expenses	(161,085)

viii Overall impact on the financial Statement

Below is the overall impact of correction of errors (i-vii) above on the financial statements

a Statement of Financial Position

	1-Jan-20			
	Reported	Reclassification	Correction of error	Restated
	N'000	N'000	N'000	N'000
NON- CURRENT ASSETS				
Property, plant and equipment	122,478	-	-	122,478
Bearer's plant	-	382,501	-	382,501
Biological assets	382,501	(382,501)	38,194	38,194
Other deferred asset/investment-equity	80,050	(80,050)	-	-
Investment-equity	-	50	-	50
Deferred assets	-	80,000	-	80,000
Total non-current assets	672,738	-	(5,987)	666,751
CURRENT ASSETS				
Inventories	1,200	-	-	1,200
Trade and other receivables	-	28,212	(27,725)	488
Trade receivables	-	-	-	-
Other receivables	28,212	(28,212)	-	-
Cash and cash equivalents	1,665	-	-	1,665
Total current assets	31,077	-	(27,725)	3,353
Total assets	703,816	-	(33,712)	670,104
Equity				
Share Capital	48,000	-	-	48,000
Share premium	9,368	-	-	9,368
Accumulated losses	(206,072)	-	(90,699)	(296,771)
Deposit for shares	134,000	-	-	134,000
Total equity	(14,704)	-	(90,699)	(105,403)
Non-current liabilities				
Post employment benefit	-	-	-	-
Financial liabilities	12,442	(12,442)	-	-
Loan and borrowings	-	12,442	-	12,442
Total non-current liabilities	12,442	-	-	12,442
Current liabilities				
Other Payable	660,178	(30,939)	56,987	686,226
Contract Liabilities	-	46,147	-	46,147
Financial liabilities	37,292	(37,292)	-	-
Loan and borrowings	-	22,084	-	22,084
Total liabilities	718,520	-	56,987	775,507
Total equity and liabilities	703,816	-	(33,712)	670,104

OKITIPUPA OIL PALM COMPANY PLC
Notes to the financial statements - continued

4.19 Correction of error-continued

a Statement of Financial Position	31-Dec-20			
	Reported	Reclassification	Correction of error	Restated
	N'000	N'000	N'000	N'000
NON- CURRENT ASSETS				
Property, Plant and Equipment	173,987	-	-	173,987
Bearer's plant	-	385,841	-	385,841
Biological assets	385,841	(385,841)	132,688	132,688
Deferred tax assets	87,743	(87,743)	-	-
Other deferred asset/Investment-equity	104,550	(104,550)	-	-
Investment-equity	-	50	-	50
Deferred assets	-	104,500	-	104,500
Total non-current assets	752,121	(87,743)	132,688	797,066
CURRENT ASSETS				
Inventories	283	-	-	283
Trade and other receivables	-	129,948	(27,725)	102,222
Trade receivables	88,230	(88,230)	-	-
Other receivables	33,418	(33,418)	-	-
Cash and cash equivalents	103,442	-	-	103,442
Total current assets	225,372	8,300	(27,725)	205,947
Total assets	977,493	(79,443)	104,963	1,003,013
EQUITY AND LIABILITY				
Equity				
Share Capital	48,000	-	-	48,000
Share premium	9,368	-	-	9,368
Accumulated Losses	38,385	-	(105,251)	(66,866)
Deposit for shares	134,000	-	-	134,000
Total equity	229,753	-	(105,251)	124,502
Non-current liabilities				
Post employment benefit	-	-	-	-
Financial liabilities	-	-	-	-
Loan and borrowings	-	-	-	-
Total non-current liabilities	-	-	-	-
Current liabilities				
Other Payable	702,898	(321,652)	126,407	507,653
Post employment benefit	-	49,760	-	49,760
Contract Liabilities	-	287,522	(6,871)	280,651
Financial liabilities	24,207	(24,207)	-	-
Loan and borrowings	-	9,000	-	9,000
Deferred tax liabilities	-	(87,743)	88,616	873
Current tax liabilities	20,635	7,877	2,061	30,573
Total current liabilities	747,740	(79,443)	210,213	878,510
Total liabilities	747,740	(79,443)	210,213	878,510
Total equity and liabilities	977,493	(79,443)	104,963	1,003,013

OKITIPUPA OIL PALM COMPANY PLC
Notes to the financial statements - continued

4.19 Correction of error-continued

b Statement of Profit or Loss and other comprehensive income

	31-Dec-20			
	Reported	Reclassification	Correction of error	Restated
	N'000	N'000	N'000	N'000
Revenue	548,216	(548,216)	-	-
Revenue from contracts with customers	-	3,167	-	3,167
Lease income	-	545,048	6,871	551,919
Revenue				555,086
Other income	17,060	-	-	17,060
Cost of sale	(81,617)	81,617	-	-
Raw materials and consumables used	-	(76,249)	-	(76,249)
Selling, general & Admin. Exp	(223,138)	223,138	-	-
Employee benefits expense	-	(63,579)	-	(63,579)
Other expenses	-	(166,460)	(69,420)	(235,880)
Finance costs	(4,064)	1,526	-	(2,538)
Net gain on valuation of biological assets	-	-	94,494	94,494
Profit before taxation	256,457	-	31,945	288,394
Income tax expense	(11,993)	-	(46,497)	(58,488)
Profit for the year	244,464	-	(14,552)	229,906
Total comprehensive income for the year; net of tax	244,464	-	(14,552)	229,906

c Earnings per share (EPS)

	31-Dec-20			
	Reported	Reclassification	Correction of error	Restated
	N'000	N'000	N'000	N'000
Profit attributable to ordinary shareholders	244,464	-	(14,552)	229,906
Basic/diluted Earnings per ordinary share (kobo)	2.55	-	-	2.39

d Statement of Cash Flow

	31-Dec-20			
	Reported	Reclassification	Correction of error	Restated
	N'000	N'000	N'000	N'000
Non cash Adjustment				
Operating activities:				
Profit before tax	-	256,449	31,945	288,394
Profit after tax	244,464	(244,464)	-	-
Taxes	-	11,985	-	11,985
Employee benefit expense	-	-	-	-
Fair value change of biological assets	-	-	(94,494)	(94,494)

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

5 Risk management objectives and policies

5.1 Overview

Risk management is carried out in line with policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as set the overall risk appetite for the Company. Specific risk management approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is the responsibility of the Managing Director, which aims to effectively manage the financial risk of Okitipupa Oil Palm Plc, according to the policies approved by the Board of Directors.

5.2 Financial Risk

The Company's financial instruments consist of trade and other receivables and trade and other payables, bank overdraft, cash and cash equivalents and loans. The main risks arising from the Company's financial instruments are;

- Market risk
- Credit risk
- Operational risk
- Liquidity risk

5.2.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of the company's holdings of financial instruments. There were no foreign exchange transaction during the year (2020: Nil).

Foreign Exchange Risk

The Company does not exposed to foreign exchange risks from some of its commercial transactions and recognised assets. The Company did not buys and imports some of the equipment used for production, the payments for which are made in functional currency. The Company makes payments and collects receipts primarily in Nigerian Naira.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company exposure to the risk of changes in market interest

5.2.2 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions. Payment for sales of palm produce are made in advance

The Company uses policies to ensure that sales of products are to customers with appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms of sale. The continuous credit worthiness of the existing customers is monitored periodically based on history of performance of the obligations and settlement of their debt. Appropriate provision for impairment losses is made for specific credit risks.

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

5.2.2 Credit risk-Continued

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about ECLs on the entity trade receivables is disclosed below.

Set out below is the information about the credit risk exposure on the company's trade receivables and using a provision matrix:

Trade receivables						
Days past due						
	Current	31-60 Days	61-90 Days	91 - 180 Days	>365 Days	Total
31-Dec-21	N'000	N'000	N'000	N'000	N'000	N'000
Expected credit loss rate	5.89%	6.73%	7.58%	10.88%	100.00%	88.964%
Estimated total gross carrying amount at default	114	5,201	1,320	-	49,343	55,978
Expected credit loss	7	350	100	-	49,343	49,800

Trade receivables						
Days past due						
	Current	31-60 Days	61-90 Days	91 - 180 Days	>365 Days	Total
31-Dec-20	N'000	N'000	N'000	N'000	N'000	N'000
Expected credit loss rate	0%	5.73%	6.00%	8.88%	100.00%	0%
Estimated total gross carrying amount at default	88,230	-	-	-	-	88,230
Expected credit loss	-	-	-	-	-	-

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

5 Risk management objectives and policies - Continued

5.2.2 Credit risk - Continued

Credit risk arises from bank balances and trade and other receivables from other entities. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the counterparties renegotiated their terms in the reporting period.

5.2.3 Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

5.2.4 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk is managed by maintaining sufficient cash reserves to operational needs at all times to enable the Company not to breach borrowing limits on any of its borrowings facilities. The Company manages liquidity risk by effective working capital and cash flow management.

Analysis of financial liabilities by remaining contractual maturities

The analysis shows the undiscounted cash flows on the Company's financial liabilities and on the basis of their earliest possible contractual maturity.

The table below summarises the maturity profile of the cash flows of the Company's financial liabilities.

31 December 2021							
<i>In thousands of Naira</i>	Carrying amount	Note	On Demand	Less than 1 year	1-2 years	Over 2 years	Undiscounted amount
Financial liabilities:							
Sundry creditors	139,481	31	-	139,481	-	-	139,481
Accruals	51,574	31	51,574	-	-	-	51,574
Unclaimed Dividend	6,469	29	6,469	-	-	-	6,469
Provision	45,917	31	45,917	-	-	-	45,917
	243,441		103,960	139,481	-	-	243,441

31 December 2020							
<i>In thousands of Naira</i>	Carrying amount	Note	On Demand	Less than 1 year	1-2 years	Over 2 years	Undiscounted amount
Financial liabilities:							
Interest-bearing loans and borrowings	9,000	33	9,000	-	-	-	9,000
Sundry creditors	357,068	31	-	357,068	-	-	357,068
Accruals	66,697	31	66,697	-	-	-	66,697
Provision	45,917	31	45,917	-	-	-	45,917
	478,682		121,614	357,068	-	-	478,682

As part of the management of its liquidity risk, the Company holds liquid assets comprising of cash and cash equivalents and financial assets to meet its liquidity requirements.

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

8.1 Revenue from contracts with customers

The Company's revenue is disaggregated below and includes a total fees in scope of IFRS 15, Revenues from contracts with customers:

	2021 N'000	2020 N'000
Crude Palm Oil	45,829	975
Palm Kernel (Uncracked)	2,445	180
Sludge	246	5
Harvested produce sold*	-	2,007
Total revenue from contracts with customers	48,520	3,167

Disaggregation of revenue:

Timing of revenue recognition:

Goods transferred at a point in time	48,520	3,167
Services transferred over time	-	-
Total revenue from contracts with customers	48,520	3,167

*This relate to harvested fresh fruit bunches at company head quarter that were sold to customers for consideration received or receivables during the year.

8.2 Lease income

	2021 N'000	2020 N'000
Lease income	664,839	551,919

*Restated

Lease income relates to lease payment agreed with licensees' for the right to farming and harvesting of fresh fruit bunches at plantation estates for the maximum of one year and renewable if parties agreed. The lease income recognition based on the allocated acres of land to licensees annually over a period of one year and apportioned over the months.

8.3 Harvested produce consumed

	2021 N'000	2020 N'000
Harvested fresh fruit bunches	3,320	-

This relate to harvested fresh fruit bunches at company head quarter that were consumed and milled during the year (2020: sold immediately when harvested). The company fair value the produce at the point of harvest less cost to sell based on the prevailing market price available at their local market and price of fresh fruit bunches bought for mill at the factory.

9 Other income

	2021 N'000	2020 N'000
Registration Fees	12,715	1,665
Lumbering	4,717	-
Sundry income	40,195	15,315
Net effect of inventory valuation	8,434	-
Re-activated bank balances	39	-
Fresh fruit bunches discovery	-	80
Total other income	66,100	17,060

9.1 Registration fees relates to proceeds from sale of registration forms to prospective new licensees and provider of services.

9.2 Sundry income relates to over provision write-back from service provider record and tax incentive during the year.

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

10 Raw materials and consumables used		2021	2020
		₦'000	₦'000
Direct cost		8,260	11,962
Production overheads	10.1	70,026	50,337
Milling costs	10.2	55,247	781
Depreciation & Amortisation	13	31,431	13,169
		<u>164,964</u>	<u>76,249</u>

10.1 Production overheads relates to upkeep of mature plantation, harvesting and collection, fertilizer, fueling, security expenses e.t.c.

10.2 Milling costs analysis shown below:		2021	2020
		₦'000	₦'000
Mill raw material and Consumables - CHQ*		25,632	275
Mill raw material and Consumables - Ipoki Local		23,710	168
Evacuation, Wages and Runnings expenses		5,905	338
		<u>55,247</u>	<u>781</u>

*Mill raw material and Consumables - CHQ includes non-cash raw material valued at the point of harvest which amounted to ₦3,320,000, (2020: Nil) disclosed in note 20.2

11 Employee benefits expense		2021	2020
		₦'000	₦'000
Pension		3,159	1,650
Wages		2,986	1,735
Staff cost		68,138	55,822
Leave allowance		4,197	2,708
Staff Welfare		16,347	1,664
		<u>94,827</u>	<u>63,579</u>

11.1 Number of employees of the Company as at 31 December, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration excluding pension contributions and certain benefits) are as follows:

Amount (₦)	2021	2020	
	Number	Number	
100,000 - 500,000	23	24	
500,001 - 1,000,000	10	10	
1,000,001 - 1,500,000	13	10	
1,500,001 - 2,000,000	5	4	
2,000,001 - 2,500,000	1	-	
2,500,001 - 3,000,000	-	1	
3,000,001 - 3,500,000	2	2	
3,500,001 - 4,000,000	-	1	
5,000,001 - 5,500,000	1	1	
6,000,000 and above	1	1	
		<u>56</u>	<u>54</u>

11.2 The average number of full time personnel employed by the company during the year are as follows:

	2021	2020	
	Number	Number	
Chief Executive Officer	1	1	
Senior Manager	1	1	
Manager	3	2	
Officer	18	18	
Junior	33	32	
		<u>56</u>	<u>54</u>

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

11 Employee benefits expense-Continued		
11.3 Director remuneration	2021	2020
Directors' remuneration paid during the year comprises:	N'000	N'000
Directors fees	63,000	33,000
Other allowances and expenses	75,169	56,160
	<u>138,169</u>	<u>89,160</u>
11.4 The directors' remuneration shown above includes:		
Highest paid director	18,360	18,360
Chairman remuneration	16,470	16,470
11.5 Employee benefits expense		
The number of directors (excluding the Chairman and highest paid Director) who received emoluments excluding pension contributions and certain benefits were within the following range:		
	2021	2020
	Number	Number
N450,000 - N4,000,000	2	2
N4,000,001 - N19,000,000	10	8
12 Other expenses	2021	2020
	N'000	N'000
Rent and rates	855	381
Repairs and maintenance	7,251	5,108
Office general expenses	6,660	2,812
Security expenses	12,237	9,182
Motor vehicle licenses and renewal	52	-
Land use charge	1,088	100
Printing and communication expenses	3,438	1,450
Advertising, publicity and subscriptions	8,664	2,549
Hotel and travelling expenses	24,900	17,790
Recruitment expenses	8,449	3,703
Registrar's fees	2,258	6,950
Training and management fees	2,357	6,000
Other professional fees and expenses	900	37,262
AGM expenses	5,906	13,963
Labour and Industrial Relations	-	170
Household equipment and materials	678	164
Bank Charges	2,576	1,526
Directors remuneration	138,169	89,160
Audit fees	20,000	2,000
Secretarial fees	7,386	-
Legal expenses	8,364	6,289
Tax consultancy fees	1,500	-
Stock written off	1,419	15,600
Expected credit loss	24	62,547
Corporate social responsibility	7,410	5,987
Damaged Items/Asset*	563	-
Depreciation and amortisation expense	18,459	7,734
	<u>354,086</u>	<u>235,880</u>

*Its relate to cost incurred to repair damage items during END-SARS protest.

During the year, the company's auditor, Ernst and Young, did not offer any non-audit services to the company.

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

13	Depreciation and amortisation expense	2021	2020
		₦'000	₦'000
	Depreciation of property, plant and equipment	33,383	11,487
	Depreciation of bearer plants	16,507	9,416
	Depreciation and amortisation	<u>49,890</u>	<u>20,903</u>
	Raw materials and consumables used	31,431	13,169
	Depreciation and amortisation expense	18,459	7,734
	Depreciation and amortisation include depreciation of Property, plant and equipment and depreciation of Bearer's plant. (Note 18 and Note 19). Company charged 63% to raw and consumables used and remaining 37% to other expenses.		
14	Finance costs	2021	2020
		₦'000	₦'000
	Interest on loan - other sources*	-	2,538
		<u>-</u>	<u>2,538</u>
	*This relates to commission charged on facilities account.		
15	Profit before tax:	2021	2020
	This is stated after charging:	₦'000	₦'000
	Auditors' remuneration	20,000	2,000
	Directors remuneration	138,169	89,160
	Depreciation of property, plant and equipment	49,890	20,903
	Staff cost	<u>68,138</u>	<u>55,822</u>
16	Income tax		
	The components of income tax expense for the year ended 31 December 2021 and 2020 are, as follows:		
16.1	Current income tax expense	2021	2020
		₦'000	₦'000
	Company income tax	4,020	9,261
	Education tax	7,241	4,827
	Nigeria Police Trust Fund	9	-
	Adjustments in respect of current income tax of previous year	24,793	-
	Total current tax	<u>36,063</u>	<u>14,088</u>
	Deferred tax expense in profit or loss	96,781	44,400
	Income tax for the year	<u>132,844</u>	<u>58,488</u>
16.2	Reconciliation of effective tax rate	2021	2020
		₦'000	₦'000
	Profit before income tax expense	173,661	288,394
	Income tax based on corporate tax rate	52,098	86,518
	Disallowables expenses	(121,266)	(20,902)
	Non-taxables income	(35,436)	(11,955)
	Claimable capital allowance	(230,207)	-
	Education tax	7,241	4,827
	Total income tax expense	<u>132,844</u>	<u>58,488</u>
16.3	Current tax liability		
	Balance as at 1 January	30,573	8,608
	Charge for the year	11,270	14,088
	Income tax paid	-	-
	Under provision	24,793	7,877
	Adjustments in respect of current income tax of previous year	(24,793)	-
	Balance as at 31 December	<u>41,842</u>	<u>30,573</u>

OKITIPUPA OIL PALM PLC
Notes to the financial statements - continued

16.4 Reconciliation of deferred tax liability	2021	2020
	₦'000	₦'000
Opening balance as at 1 January	873	(43,528)
Tax expense during the period recognised in PorL	96,781	44,400
Balance as at 31 December	<u>97,654</u>	<u>873</u>

16.5 Deferred tax related to the following:

31 December 2021	Net balance at the beginning	Recognised in Income statement	Net Deferred Tax Liabilities/(assets)
	₦'000	₦'000	₦'000
Buildings	4,439	3,374	7,813
Motor Vehicles	3	1,925	1,927
Plant and Equipment	(25,131)	2,355	(22,775)
Furniture and Fittings	(269)	(84)	(353)
Bearer Plants (Plantation Development)	69,578	55,051	124,629
Unutilized Capital allowance	(76,096)	61,081	(15,015)
Unrelief Loss Carried Forward	-	-	-
Increase in Fair Value of Biological Assets	28,348	(26,921)	1,428
	<u>873</u>	<u>96,781</u>	<u>97,654</u>

31 December 2020	Net balance at the beginning	Recognised in Income statement	Net Deferred Tax Liabilities/(assets)
	₦'000	₦'000	₦'000
Buildings	3,188	1,252	4,439
Motor Vehicles	(9)	12	3
Plant and Equipment	(32,024)	6,893	(25,131)
Furniture and Fittings	(979)	710	(269)
Bearer Plants (Plantation Development)	110,119	(40,541)	69,578
Unutilized Capital allowance	(129,144)	53,048	(76,096)
Unrelief Loss Carried Forward	(6,137)	6,137	-
Increase in Fair Value of Biological Assets	11,458	16,890	28,348
	<u>(43,527)</u>	<u>44,400</u>	<u>873</u>

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2020: 30%).

The deferred tax assets and liabilities have been offset because the company has a legally enforceable right to set off current tax assets against current tax liabilities.

17 Earnings per share (EPS)	2021	2020
	₦'000	₦'000
Profit attributable to ordinary shareholders	<u>40,927</u>	<u>229,906</u>
Weighted average number of ordinary shares for basic/diluted for basic earnings per share	<u>96,000</u>	<u>96,000</u>
Basic, profit per ordinary share (kobo)	0.43	2.39
Diluted, profit per ordinary share (kobo)	0.43	2.39

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

18 Property, plant and equipment

	Freehold land	Leasehold land	Buildings	Plant & Equipments	Motor Vehicles & cycles	Furniture & Fittings	Capital work in- progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost or valuation								
At 1 January 2020	2,640	73,259	84,584	326,477	50,778	33,292	-	571,030
Additions	-	25,498	12,310	22,086	-	4,706	-	64,600
Disposal	-	-	-	(4,172)	-	-	-	(4,172)
At 31 December 2020	2,640	98,757	96,894	344,391	50,778	37,998	-	631,458
Additions	-	7,876	62,705	18,471	13,885	9,171	8,390	120,498
At 31 December 2021	2,640	106,633	159,599	362,862	64,663	47,169	8,390	751,956
Depreciation								
At 1 January 2020	-	-	57,649	310,998	47,778	32,127	-	448,552
Depreciation charge for the year	-	3,429	2,922	3,137	1,369	630	-	11,487
Disposal	-	-	-	(2,568)	-	-	-	(2,568)
At 31 December 2020	-	3,429	60,571	311,567	49,147	32,757	-	457,471
Depreciation charge for the year	-	4,239	8,108	10,604	3,670	6,762	-	33,383
At 31 December 2021	-	7,668	68,679	322,171	52,817	39,519	-	490,854
Carrying Amount								
At 31 December 2021	2,640	98,965	90,920	40,691	11,846	7,650	8,390	261,102
At 31 December 2020	2,640	95,328	36,323	32,824	1,631	5,241	-	173,987

* The leasehold land is depreciated over the shorter of the useful life of the asset or lease term.

* There are no restrictions on title and the company did not pledge any assets for any loan or guarantee during the year.

* There are no contractual commitments for the acquisition of Property, plant and equipment during the reporting and comparative year.

OKITIPUPA OIL PALM PLC
Notes to the financial statements - continued

19 Bearer's plant	Matured	Work - in	Total
	Plantation	- progress	
Cost	₦'000	₦'000	₦'000
At 1 January 2020	396,971	149,031	546,002
Additions	12,755	-	12,755
At 31 December 2020	409,726	149,031	558,757
Additions	71,527	171,238	242,765
Transfer	149,031	(149,031)	-
At 31 December 2021	630,284	171,238	801,522
Depreciation			
At 1 January 2020	163,500	-	163,500
Charge for the year	9,416	-	9,416
At 31 December 2020	172,916	-	172,916
Charge for the year	16,507	-	16,507
At 31 December 2021	189,423	-	189,423
Carrying Amount			
At 31 December 2021	440,861	171,238	612,099
At 31 December 2020	236,810	149,031	385,841

*Matured plantation relates to capitalized cost on matured palm trees that bears and produces fresh fruit bunches.

*Work-in-progress relates to capitalized cost on immature palm plantations. That is, the expenditure incurred on the nursery of seedlings at various estates of the company.

*Transfer relates to mature plantations (palm trees) that started bearing fruit during the year.

20 Biological assets

This represent produce (Fresh Fruit Bunches) growing on bearer plants and is measured at fair value less cost to sell.

20.1 Non Current:	2021	2020
	₦'000	₦'000
At 1 January	132,688	38,194
Change in fair value on biological assets (P or L)	4,759	94,494
At 31 December	137,447	132,688

20.2 Agricultural produce

This represent harvested (Fresh Fruit Bunches) from entity's biological asset and is measured at fair value less estimated cost to sell.

The company has twelve maintained plantations estates across Ondo state (Okitipupa axis) including Company Head Quarter. Due to the security challenges in the area, management strategies to operate effectively by temporary lease right to harvest Fresh Fruit Bunches to host communities member's in eleven plantations estate for short term and consideration.

During the year, all harvested fruit at Company Head Quarter were transferred to milling factories for production of crude palm oil at fair value which amounted to N 3.3 million (2020: Harvested fresh fruit bunches was sold to customers' for consideration received or receivables. Furthermore, no production of Palm oil).

As at December 2021, no fresh fruit bunches harvested unconsumed.

OKITIPUPA OIL PALM PLC
Notes to the financial statements - continued

21 Investment equity	2021	2020
	₦'000	₦'000
Investment in Sovereign Trust Insurance	160	50

At 31 December 2021, the Company designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Company intends to hold for the long term for strategic purposes.

Quoted Equity	Unit held	Fair value At 31 December, 2021	Fair value gain during the year	Dividend Income during 2021
Sovereign Trust Insurance	532,343	160	110	-
		160	110	-

The number of unit held in 2020 remain the same, and fair value is N50,000 with no significant change during the year.

22 Deferred assets	2021	2020
	₦ 000	₦ 000
Project Everest (Core investor)	106,950	104,500

There were capital commitments for project everest that was set up by the directors of okitipupa Oil Palm Plc for the Sale of 51% stake to the interested core investor, Injection of fresh capital into the company, and re-listing the shares of the company at the Nigeria Stock Exchange.

As at December 2021, Greenwich Trust Limited was appointed as company financial adviser (Lead consultant) to oversee the above objectives with the support of the sub-consultants.

Details of transactions between the company and appointed consultants are disclosed below:

	2021	2020
	₦ 000	₦ 000
Financial adviser (Lead consultant)	80,000	80,000
Sub-consultants	26,950	24,500
	106,950	104,500
Analysis of cash flow movement		
As at January	104,500	80,000
Payable to sub-consultants cash paid	-	21,960
	2,450	2,540
As at December	106,950	104,500

23 Inventories	2021	2020
	₦'000	₦'000
Finished crude palm oil	744	-
Agro Chemical	8,223	140
Stationeries and Printings	778	143
	9,745	283

Analysis of production of crude palm oil.

The Company harvested 6,274 bunches (2020: 5,734 bunches) of fresh fruit bunches (FFB) at Company Head Quarter, bought fresh fruit bunches of 82,009 (2020: 2,480) and sold 89.01 metric tonnes of palm oil (2020 - 124 keqs).

Net effect of inventories valuation of N8,434,000 is a reversal of write-down stationeries and agro chemical in the store.

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

24 Trade and other receivables		2021	2020
		N'000	N'000
Trade receivables	24.1	6,178	88,230
Other receivables	24.2	6,469	9,960
Staff loan	24.3	1,019	-
Salaries advances	24.4	1,191	586
Staff advances	24.5	-	3,447
		<u>14,857</u>	<u>102,222</u>

Terms and conditions of the above financial assets:

Trade receivables are non-interest bearing and are generally on term of 30 days. The reconciliation of gross carrying value and impairment allowance are provided in much detail under credit risk note 5.2.2. Trade receivables are written off if past due for more than three years and are not subject to enforcement activity.

24.1 Trade receivables		2021	2020
		N'000	N'000
Trade receivables		55,978	88,230
Allowance for expected credit losses		(49,800)	-
		<u>6,178</u>	<u>88,230</u>

Reconciliation of expected credit loss of trade and other receivables

	Trade Receivables	Other Receivables	Salaries advances	Staff advances	Total
	N'000	N'000	N'000	N'000	N'000
At 1 January	-	-	-	-	-
Expected credit loss for the year	49,800	8,301	551	3,895	62,547
At 31 December	<u>49,800</u>	<u>8,301</u>	<u>551</u>	<u>3,895</u>	<u>62,547</u>

24.2 Other receivables comprises of amount paid in advance to service provider during the year			
Other receivables		14,770	9,960
Allowance for expected credit losses		(8,301)	-
		<u>6,469</u>	<u>9,960</u>

24.3 The staff loans represent interest free loans given to members of staff of Okitipupa Oil Palm Plc. The loans repayments are usually monthly or quarterly, depending on the agreement with individual members of staff. The amount due from key management personnel as at December 2021 disclose in note 36

24.4 Salary advances were non-interest advance payment made to staff upon request which are deductible from the individual staff salary on a monthly basis.

At 1 January		586	586
Advances during the year		1,742	-
Deducted from salaries during the year		(586)	-
Allowance for expected credit losses*		(551)	-
At 31 December		<u>1,191</u>	<u>586</u>

*The amount impaired represent staff that have resigned.

24.5 This relates to upfront payment to the company staff for specific expenses to be incurred on behalf of the Company yet to be retired at the end of the year.

Staff advances		3,895	3,447
Allowance for expected credit losses		(3,895)	-
		<u>-</u>	<u>3,447</u>

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

25	Cash and cash equivalents	2021	2020
		₦'000	₦'000
	Cash balances	250	32
	Bank balances	114,326	103,410
		<u>114,576</u>	<u>103,442</u>

Cash and cash equivalents in the statement of financial position comprises cash at bank and on hand.

26	Share capital	2021	2020
		₦'000	₦'000
	Authorised :		
	100,000,000 ordinary shares of 50 kobo each	<u>50,000</u>	<u>50,000</u>
	Issued called up shares capital:		
	96,000,000 ordinary shares of 50 kobo each	<u>48,000</u>	<u>48,000</u>
		<u>48,000</u>	<u>48,000</u>

27	Share Premium	2021	2020
	Share premium	<u>9,368</u>	<u>9,368</u>

Companies and Allied Matters Act 2020 requires that where a Company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

28	Deposit for shares	2021	2020
		₦'000	₦'000
	Deposit for shares	<u>134,000</u>	<u>134,000</u>

Deposit for shares includes N120 million payments made by Ondo State Government to offset the company's indebtedness to Guaranty Trust Bank in 2011 and N 14 million spent by Estaport Farms Limited to call for Annual General Meeting in 2011 was agreed and approved by the board to be recognised as deposit for shares.

There is no obligation on the Company to refund the deposit in the nearest future.

29	Dividend	2021	2020
		₦'000	₦'000
	Dividend Declared	24,000	-
	Dividend Paid	(17,531)	-
	Unclaimed Dividend	<u>6,469</u>	<u>-</u>

At Annual General Meeting held on 14th April 2021, the board of director approved payment of dividend of 25 kobo per ordinary share exclusive of withholding tax.

OKITIPUPA OIL PALM PLC
Notes to the financial statements - continued

		2021	2020
		₹'000	₹'000
30	Other post-employment benefits obligations		
	Other post-employment benefits obligations	50,436	49,760
		<u>50,436</u>	<u>49,760</u>
30.1	Other Post-employment benefit		
	Contributions during the period:		
	Company	28,020	27,644
	Employees	22,416	22,116
	At 31 December	<u>50,436</u>	<u>49,760</u>
	<p>The Company has a defined contribution plan for employees post-employment benefits. In accordance with the Pension Reform Act 2014, the Company and its employees make a joint contribution of 10% and 8% basic salary, housing and transport allowance respectively to each employee's retirement savings account maintained with their nominated pension fund administrators.</p>		
30.2	Defined benefit obligation		
	<p>Currently, the Company did not operates a defined gratuity benefit scheme for employee.</p> <p>No gratuity, long service award and termination benefit other than contribution plan.</p>		
31	Other payables	2021	2020
		₹'000	₹'000
	Sundry creditors	139,481	357,068
	Pay As You Earn	16,369	29,053
	Industrial Training Fund	7,587	7,587
	Withholding Tax	19,784	-
	Development Levy	1,330	1,330
	Accruals	51,574	66,697
	Provision	45,917	45,917
		<u>282,042</u>	<u>507,653</u>
31.1	<p>Sundry creditors represents amount payable to the company's service providers at the end of the year. The amount is non-interest bearing with average terms of below twelve months.</p>		
31.2	Withholding Tax	2021	2020
		₹'000	₹'000
	At 1 January	-	-
	Amount withheld during the year	19,784	-
	Payment during the year	-	-
	At 31 December	<u>19,784</u>	-

OKITIPUPA OIL PALM PLC
Notes to the financial statements - continued

31 Other payables- Continued

31.3 Accruals

Accruals relates to audit fees payable, wages and salaries, other non-interest bearing payable and terminal benefit of employee.

Accrued terminal benefit relates to old employee (Employee who served from 1 June 2006 to 30 November 2018) valued at termination date and no interest has been applied to the accrued liability between the termination date and the reporting date except benefit paid (if any).

The valuation of accrued terminal benefit as at termination date were done by Zamara Actuaries, Administrators and Consultants Limited duly signed and authorised by James Olubayi with FRCN number: FRC/2019/00000012910. The accrued liability is calculated as the terminal benefits for the employees based on the final earnings for each member as at reporting date. The terminal benefits is the sum of the retirement benefit entitlement and service gratuity benefit entitlement based on the old staff contracts of service as at the termination date.

Reconciliation of accrued terminal benefit	2021	2020
<i>The accrued terminal benefit comprises of 134 male and 37 female:</i>	N'000	N'000
At 1 January	52,097	52,097
Benefit paid during the year	(527)	-
At 31 December	<u>51,570</u>	<u>52,097</u>

31.4 The provision relates to obligation that is probable over the matter on-negotiation with Unity Bank and employee who served on or before 2006. The amount relate to the probable portion that is deemed to give rise to obligation as at 31 December 2021.

32 Contract Liabilities	2021	2020
	N'000	N'000
At 1 January	280,651	46,147
Received during the year	1,021,251	786,422
Released to the statement of profit or loss	8.2 (664,839)	(551,919)
At 31 December	<u>637,063</u>	<u>280,651</u>
Current	637,063	280,651
Non-current	-	-
	<u>637,063</u>	<u>280,651</u>

The contract liabilities relates to advance consideration received from trade licensees' for right to farming and harvested of Fresh Fruit Bunches at allocated plantation estates excluding company head quarter. The lease income recognition based on the allocated acres of land to licensees annually over a period of one year and apportioned over the months.

33 Interest-bearing loans and borrowings.	2021	2020
	N'000	N'000
Bank Overdraft	-	9,000
Changes in liabilities arising from financing activities		
As at January	9,000	22,084
Repayment during the year	(9,000)	(13,084)
	<u>-</u>	<u>9,000</u>

OKITIPUPA OIL PALM PLC

Notes to the financial statements - continued

34 Contingent assets and liabilities

a) Contingent Asset

As at 31 December 2021, there is a matter on negotiation between the Company and Guarantee Trust Bank in respect of excess payment of previous indebtedness of the Company to the Bank of N27,724,822. The negotiation is still at early stage as the bank has not accept overcharging the Company.

b) Contingent Liabilities

As at 31 December 2021, matter-on-negotiation in respect of interest overcharge by unity Bank on a loan taken and repaid by the Company is on-going. Information gotten from Company's Lawyer indicate that probability of exposure to additional liabilities by the Company is remote. The company made provision for the deemed exposure that may arise of N15,206,395. The contingent liability not provided for in the financial statements is N162,709,175. In the opinion of the Board of Directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus, no provision has been made in these financial statements.

Furthermore, there is contingent liability of N23,653,146 relating to claim by old employees of the the Company relating to employment obligation before 2006. In the opinion of the Board of Directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus, no provision has been made in these financial statements.

35 Capital commitments

There were no known capital commitments as at 31 December 2021 (2020: Nil).

36 Related party transactions

The following shows the total amount of transactions that have been entered into with related parties for the year ended 31 December 2021.

Details of transactions between the Company and its related parties are disclosed below.

Amounts due from related parties	Note	Interest	2021	2020
		received	2021	2020
		₦ 000	₦ 000	₦ 000
Chief Executive officer	24.3	Nil	1,019	-
			<u>1,019</u>	<u>-</u>

Transactions with key management personnel .

- i. The Company management approved N 1.01million loan to Mr.Taiwo Adewole the Chief Executive Officer which is expected to be deducted from his salaries for next six months without any interest.
- ii. Mr. Adewale Osomo is a non executive Director, he is also a principal partner of Osborne Law . Osborne Law is providing legal, secretarial, and sub-consultant services to Okitipupa Oil Palm Plc. During the year N32.2 million was paid for services rendered (2020: N48.6 million).The transactions were carried out at arms length.
- iii. The managing director of Around D' Clock Security Company Limited is related to one of Non-Executive Director. Around D' clock Security company Limited has an existing contract for provide security personnel to the Company Head Quarter and plantation estates. During the period N77.7 million was paid for the services rendered (2020: N63.3 million). The transaction was carried out at arms length.

37 COVID-19

There have been no impact of COVID-19 on the Company's business operations. There is no knowledge of COVID -19 affecting customer orders due to the pandemic.

38 Events after reporting date

The Directors are of the opinion that there were no events after the reporting date that could have material effect on the financial statements of the Company that had not been adequately provided for or disclosed in these financial statements.

Other National Disclosures

OKITIPUPA OIL PALM COMPANY PLC

Value added statement

for the year ended 31 December

	2,021	%	*Restated 2020	%
	N'000		N'000	
Revenue	713,359		555,086	
Bought in materials and services:				
-Local	(256,812)		(90,511)	
	456,547		464,575	
Value added	<u>456,547</u>		<u>464,574</u>	
Applied as follows:				
To Employees:				
- as salaries, wages and other staff costs	94,827	21%	63,579	14%
- Directors remuneration	138,169	30%	89,160	19%
To Providers of finance:				
- Finance cost and similar charges	-	0%	2,538	5%
To Government as:				
- Income tax expense	36,063	8%	14,088	3%
- Deferred tax expense	96,781	21%	44,400	10%
Retained in the business:				
To maintain and replace				
- Depreciation and amortisation	49,890	11%	20,903	4%
- Retained for future development	40,817	9%	229,906	49%
Value added	<u>456,547</u>	<u>100</u>	<u>464,574</u>	<u>100</u>

OKITIPUPA OIL PALM COMPANY PLC

**Five-year financial summary
for the year ended 31 December**

Statement of profit or loss and other comprehensive income

	2021	2020	1-Jan-20	2018	2017
	N'000	*Restated N'000	*Restated N'000	N'000	N'000
Revenue	713,359	555,086	281,179	272,107	260,905
Profit before taxation	173,661	288,394	(65,918)	(68,709)	39,920
Profit for the year	40,817	229,906	3,553	(68,709)	38,599
Total comprehensive income for the year	40,927	229,906	3,553	(68,709)	38,599

Statement of financial position

	2021	2020	1-Jan-20	2018	2017
	N'000	N'000	N'000	N'000	N'000
Employment of funds					
Property, plant and equipment	261,102	173,987	122,478	81,052	234,821
Bearers Plant	612,099	385,841	382,501	379,996	223,330
Biological Assets	137,447	132,688	38,194	-	-
Deferred tax assets	-	-	43,528	18,237	18,237
Investment-equity	160	50	50	50	50
Deferred assets	106,950	104,500	80,000	-	-
Current asset	139,178	205,947	3,353	32,711	42,548
Current liability	1,017,852	877,638	763,065	441,025	338,627
Net current assets	(878,674)	(671,691)	(759,712)	(408,314)	(296,079)
Non Current liabilities	(97,654)	(873)	(12,442)	(6,271)	(217,820)
Net assets	141,430	124,503	(105,403)	64,750	(37,461)
Funds Employed					
Share capital	48,000	48,000	48,000	48,000	48,000
Share premium	9,368	9,368	9,368	9,368	9,368
Accumulated Losses	(50,048)	(66,865)	(296,771)	(126,618)	(228,829)
Fair value reserve	110	-	-	-	-
Deposit for shares	134,000	134,000	134,000	134,000	134,000
	141,430	124,503	(105,403)	64,750	(37,461)