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Annual
Report &
Accounts

RESILIENCE

BERGER PAINTS NIG. PLC. 2020 ANNUAL REPORT & ACCOUNTS

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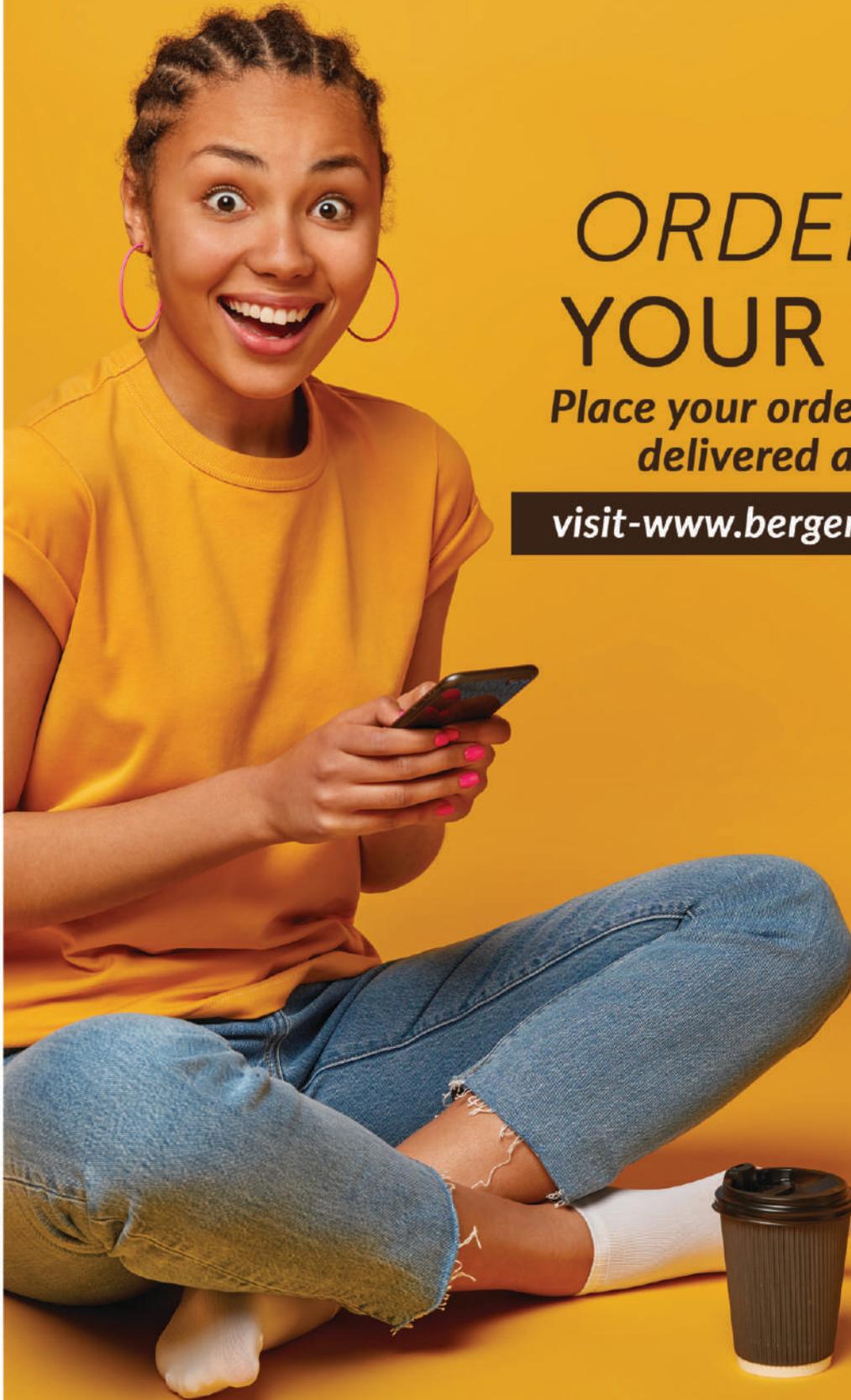


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CORPORATE POLICY STATEMENT

VISION

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

MISSION

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

SHARED VALUES

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



DIRECTORS AND PROFESSIONAL ADVISERS, ETC.

Board of Directors:	<p>Abi Ayida - Chairman</p> <p>Musa Danjuma - Non - Executive Director</p> <p>Nelson Nweke - Independent Non - Executive Director</p> <p>Raj Mangtani (Indian) - Non - Executive Director</p> <p>Sanjay Datwani (British) - Non - Executive Director</p> <p>Adekunle Olowokande - Non - Executive Director</p> <p>Ogechi Iheanacho - Non - Executive Director (Appointed wef Jan 2, 2021)</p> <p>Erejuwa Gbadebo - Independent Non - Executive Director (Appointed wef Jan 27, 2021)</p> <p>Aisha Umar - Independent Non - Executive Director (Appointed wef Jan 27, 2021)</p> <p>Victor Olusegun Adeniji - Independent Non - Executive Director (Appointed wef Feb 16, 2021)</p> <p>Anjan Sircar (Indian) - Managing Director</p> <p>Patrick Buruche - Non - Executive Director (Retired wef December 31, 2020)</p>
Company Secretary/ Legal Adviser	Ayokunle Ayoko
Registered Office:	102, Oba Akran Avenue, Ikeja, Industrial Estate, P.M.B. 21052, Ikeja, Lagos.
Contact Details	<p>Telephone: +234-9062496104, +234-9062496106, +234 810 216 4585-6, 0700BERGERPAINTS [0700 237437724687]</p> <p>Email: customercare@bergerpaintnig.com</p>
Social Media Accounts	<p>Website: www.bergerpaintsnig.com</p> <p>Facebook: https://www.facebook.com/Bergerpaintsnig</p> <p>LinkedIn: www.linkedin.com/company/berger-paints-nigeria-plc</p> <p>Twitter: www.twitter.com/BergerPaintsNig.</p> <p>Instagram: https://www.instagram.com/bergerpaintsnig</p>
Investors Relation	<p>Berger Paints Nigeria Plc. has a dedicated investors' portal on its corporate website which can be accessed via this link: https://bergerpaintsnig.com/investor/</p> <p>The Company's Investors' Relations Officer can also be reached through electronic mail at: ayokunleayoko@bergerpaintnig.com; or telephone on: +234 9037757191 for any investment related enquiry.</p>
NSE Trading Information	<p>Trading Name: Berger Paints Nig. Plc. (Berger)</p> <p>Ticker Symbol: Berger</p> <p>Sector: Industrial Goods</p> <p>Sub Sector: Building Materials</p> <p>Market Classification: Main Board</p>
Registration Number:	RC: 1837
FRC Registration Number:	FRC/2012/0000000000295
Registrars:	<p>Meristem Registrars Limited</p> <p>213, Herbert Macaulay Way, Adekunle, Yaba, Lagos.</p> <p>P.O. Box 51585, Falomo, Ikoyi, Lagos</p> <p>Tel: 8920491, 8920492, 01-2809250-3</p> <p>Email: info@meristemregistrars.com</p> <p>Website: www.meristemregistrars.com</p>
Independent Auditor:	<p>KPMG Professional Services</p> <p>KPMG Tower</p> <p>Bishop Aboyade Cole Street,</p> <p>Victoria Island, Lagos</p> <p>Tel: +234 1 271 8955 (or 8599)</p>
Bankers:	<p>Access Bank Plc</p> <p>Ecobank Nigeria Limited</p> <p>Fidelity Bank Plc</p> <p>First Bank of Nigeria Limited</p> <p>First City Monument Bank Limited</p> <p>Guaranty Trust Bank Plc</p> <p>Heritage Bank Ltd</p> <p>Keystone Bank Limited</p> <p>Polaris Bank Limited</p> <p>Union Bank of Nigeria Plc</p> <p>United Bank for Africa Plc</p> <p>Wema Bank Plc</p> <p>Zenith Bank Plc</p>



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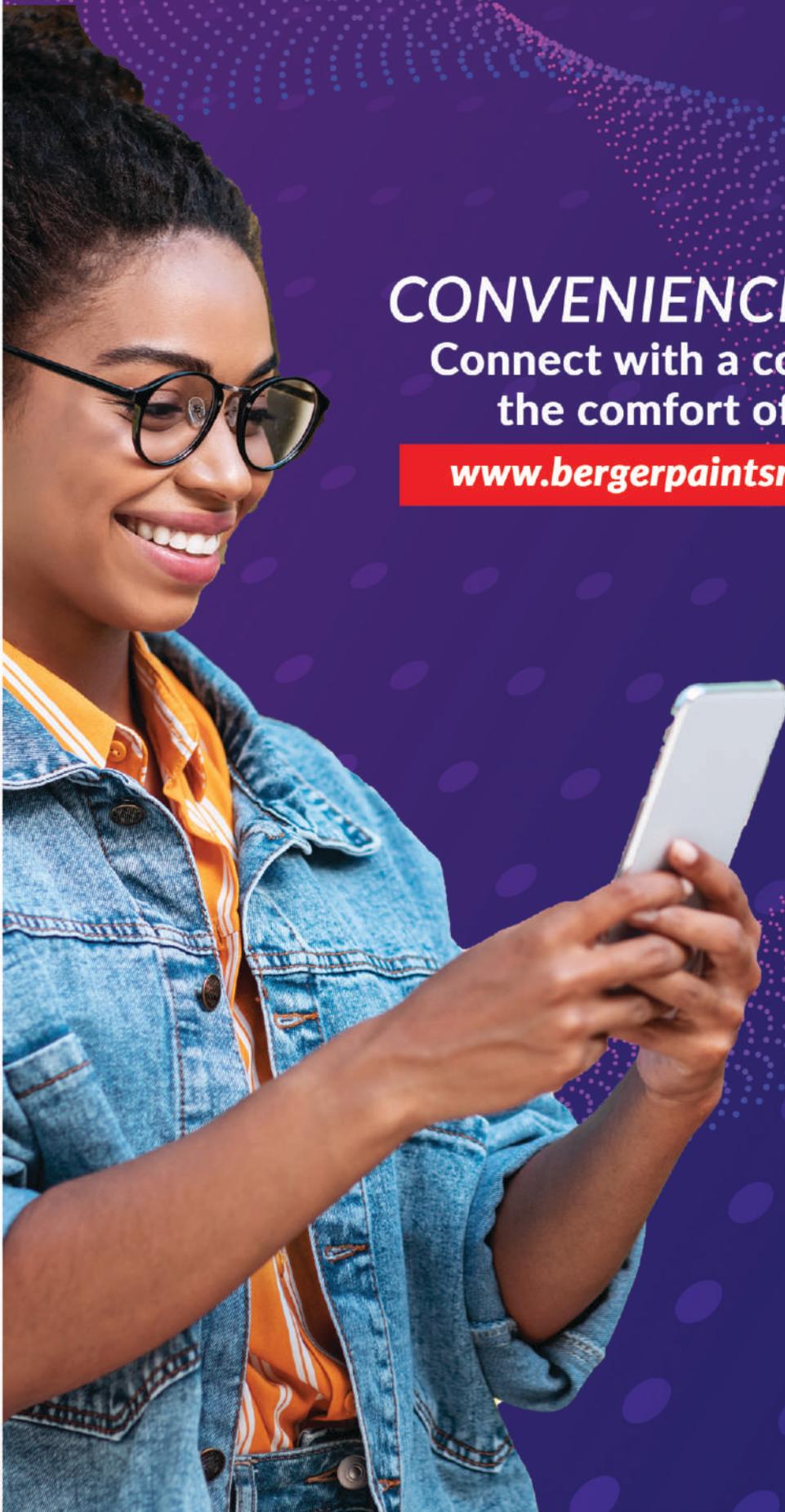


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FINANCIAL HIGHLIGHTS

For the year ended 31 December 2020

<i>In thousands of naira</i>	2020	2019	%
Revenue	3,837,582	3,584,804	7
Gross profit	1,419,078	1,664,324	(15)
Operating profit	194,951	512,928	(62)
Profit before minimum tax	211,850	551,561	(62)
Profit before income tax	210,903	533,099	(60)
Profit for the Year	146,028	448,733	(67)
Share capital	144,912	144,912	-
Total equity	3,146,972	3,073,400	2
Data per 50k share			
Basic earnings per share (kobo)	50	155	(67)
Declared dividend*	25	65	(62)
Net assets per share (Naira)	10.86	9.71	12
Market price per share as at year end (Naira)	6.75	8.60	(22)
Market capitalization as at year end	1,956,312	2,492,482	(22)
Dividend per 50k share in respect of current year results only			
Dividend proposed (kobo)**	40	25	60

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

**The Directors propose a dividend of 40 kobo (2019: 25 kobo) per share on issued share capital of 289,823,447 (2019: 289,823,447) ordinary shares of 50 kobo each, subject to approval by the shareholders at the Annual General Meeting.



CORPORATE PROFILE

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

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

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

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

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

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

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

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

Our Products

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

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



CORPORATE PROFILE (CONT'D)

Decorative Paints

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

Industrial Coatings

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

Marine and Protection

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

Automotive/Vehicle Refinishes

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

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

Wood Preservers and Finishes

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

A Future Assured

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

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



CORPORATE PROFILE (CONT'D)

Quality Assurance

As a confirmation of our oath to clients; that we will exchange value and service for every Naira they part with, all Berger Paints containers come with tamper-proof hologram cover. Customers are strongly advised to watch out for this as a sign of our quality assurance. This led to the actualization of the SON NIS 2000:1500 quality certification.

Marketing and Distribution

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



BOARD OF DIRECTORS



MR ABI AYIDA

CHAIRMAN

Mr. Ayida holds a Bachelor's Degree in Economics from University of Minnesota, USA and a Masters' Degree in Economics from Pennsylvania State University, USA. He has extensive experience in investment banking, insurance, retail and manufacturing industries in the UK, USA and Nigeria. He is the Managing Partner for Vail Woodward Associates, a firm of international business development consultants. He is also the Managing Partner of Ilare Properties Limited, owners, developers and managers of luxury retail shopping malls. He is a Member of the Institute of Directors and a Member of the Guardian Newspapers Editorial Board.

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



CHIEF MUSA DANJUMA

NON-EXECUTIVE DIRECTOR

Chief Danjuma is an articulate lawyer and a corporate icon with great wealth of experience in business management and administration. Chief Danjuma holds a Bachelor's degree in Law from Ahmadu Bello University, Zaria and Nigeria Law School, Lagos.

He is currently the Executive Chairman, NAL/COMET Shipping Group which includes Five Star Logistics Limited, Comet Shipping Agencies Nigeria Limited, Best Trade Nigeria Limited, Nigeria America Line Limited and a pioneer of the Chief Executive Programme at Lagos Business School. He was appointed as a Non-Executive Director on 14th September 2000 and will be retiring from the Board effective May 21, 2021.



CHIEF NELSON NWEKE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chief Nweke holds a bachelor's degree in Political Science (1979) and a Masters' degree in Industrial Relations (1983) from the University of Ibadan. He made a career in banking, having worked in First City Monument Bank and Intercontinental Bank Plc. (now Access Bank Plc) where he retired as an Executive Director in February 2008.

He is a non-Executive Director of Premium Pensions Ltd and a Board Member of Anambra State Investment Promotion and Protection Agency. He is currently the Managing Director of Neilville Nigeria Limited. Mr. Nweke is an Honorary Member of Chartered Institute of Bankers of Nigeria (CIBN) and an Associate of Chartered Institute of Stock Brokers of Nigeria.

He was appointed as a Non-Executive/Independent Director of Berger Paints Nigeria Plc. on 11th December, 2012 and will be retiring from the Board effective May 21, 2021.



BOARD OF DIRECTORS (CONT'D)



MR. RAJ MANGTANI

NON-EXECUTIVE DIRECTOR

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

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

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



MR KUNLE OLOWOKANDE

NON-EXECUTIVE DIRECTOR

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

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



ENGR. PATRICK BURUCHE

NON-EXECUTIVE DIRECTOR

Engr. Buruche is a graduate of Civil Engineering from Nnamdi Azikiwe University, Awka. He served in various capacities with Anambra State Water Corporation. He is a corporate member of the Nigeria Society of Engineers (MNSE), a member of the Nigerian Institution of Civil Engineers (MNICE) and a registered engineer with the Council for the Regulation of Engineering in Nigeria (COREN). Engr. Buruche is currently the Managing Director of PANGOC Global Services Limited, a design/construction company which has successfully executed many projects.

He retired as a director effective December 31, 2020.



BOARD OF DIRECTORS (CONT'D)



MR SANJAY DATWANI

NON-EXECUTIVE DIRECTOR

Mr. Datwani graduated from Boston University, Massachusetts, USA with a Bachelor's degree in Business Administration. He has over 18 years' experience in International Trade, Finance and Banking. He is the Managing Director of Clayton Finance Limited, a company which specialises in export of raw materials for industry to the West African region. He also works as a property consultant and developer in the United Kingdom.

Mr. Datwani was appointed as a Non-Executive Director on 11th December, 2014 and will be retiring from the Board effective May 21, 2021.



MRS. OGECHI IHEANACHO

NON-EXECUTIVE DIRECTOR

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

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



MRS. EREJUWA GBADEBO

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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



BOARD OF DIRECTORS (CONT'D)



MRS. AISHA UMAR
INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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



MR VICTOR OLUSEGUN ADENIJI
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Adeniji has almost four decades of extensive financial services sector experience encompassing multilateral development finance, investment banking and asset management at top-flight institutions, most notably The World Bank/International Finance Corporation (IFC).

He is the Chief Executive Officer of TechnoFuture Nigeria Limited, a Lagos-based technology skills training company and West Africa franchisee for an innovative Canadian elearning product. He recently co-founded Communities United to Remove Epidemics (the CURE Initiative), a nonprofit that operates in the public health space.

He is the co-author of Economies of Help: The Concept Behind the Consortium for Humanitarian Intervention (International Psychology Bulletin, June 2015). Mr. Adeniji studied Economics at Pembroke College, Cambridge University, where he earned BA and MA degrees in 1986 and 1990, respectively. In 2002 he served as a member of the Nigerian Securities & Exchange Commission Committee on Corporate Governance that drafted a muscular corporate governance code for listed companies. In 2001 he was nominated as one of the 100 Global Leaders for Tomorrow by the World Economic Forum.



MR ANJAN SIRCAR
MANAGING DIRECTOR

Mr. Sircar became Managing Director effective April 30, 2019. Until his appointment, he was the CEO of the Elite Group of Companies, Bangladesh, in its Aqua Paints division. Educated in the prestigious St. Lawrence Boy's School of Kolkata, Anjan went on to complete his graduation course in science from Calcutta University, West Bengal, India.

Mr. Sircar started his career in 1980 and worked in various adhesive manufacturing units in India till 1990 before joining Jenson Nicholson India Ltd and later, Kathmandu (Nepal) as its Sales & Production Head. In 1992, he was appointed as Branch Head of INCOWAX Ltd., India where he oversaw its Haryana Branch and Production unit.

In 1999 he was appointed as the Country Director & Head of Berger Paints (Nepal) Ltd. (A subsidiary of Berger Paints India Ltd). In 2009, Anjan took up responsibilities of Asian Paints Bangladesh Ltd., as the Head of Sales & Marketing and Operation. In 2014, he was promoted as Director and General Manager, International Business Unit, with Asian Paints India Ltd and was deputed in Ethiopia as Country Director of Kadisco Asian Paints (subsidiary of Asian Paints India Ltd), a Joint venture.

Mr. Sircar was a member of the Executive Committee of NICCI (Nepal India Chamber of commerce & Industries) and India Nepal Business Forum, where his contributions were much acclaimed and appreciated.





MR ABI AYIDA
CHAIRMAN

CHAIRMAN'S STATEMENT

Dear distinguished shareholders, representatives of regulatory agencies, fellow Directors, guests and observers, esteemed Ladies and Gentlemen.

I am delighted to welcome you to the 61st Annual General Meeting (AGM) of our great Company, Berger Paints Nigeria Plc., holding today, 20th day of May, 2021, at the Company's Offices at No 102, Oba Akran Avenue Ikeja, Lagos.

I feel privileged to present to you, the report of our stewardship for the 2020 financial year. Additionally, the resolutions to be considered at the meeting and the rationale for these resolutions will be as detailed in the AGM Information Pack section of this report.

Changes to Board Composition

During the year under review, Engineer Patrick Buruche retired from the Board effective December 31, 2020. The Board remains appreciative of his contributions to the Company for the entirety of his tenure.

Whilst outside the reporting period, it is noteworthy that three of the current Board members will be retiring at this meeting. They are Chief Musa Danjuma, Chief Nelson Nweke, and Mr Sanjay Datwani. They will be departing with several years of meritorious service under their belts. It has been my privilege to have them as colleagues and I and the Board are deeply grateful for their hard work and wise counsel over the last few years. The Board and indeed the Company owe them a debt of gratitude for their services to the Company.

Additionally, the Board has appointed Mrs Ogechi Iheanacho (Non-Executive Director effective January 2, 2021), Mrs Aisha Umar (Independent Non-Executive Director effective January 27, 2021), Mrs Erejuwa Gbadebo (Independent Non-Executive Director effective January 27, 2021) and Mr Victor Olusegun Adeniji (Independent Non-Executive Director effective February 16, 2021). The appointment of the three independent directors is in alignment with the provisions of the newly enacted Companies and Allied Matters Act 2020 (CAMA 2020), and best governance practices.

The Board's appointment of three new female directors was in recognition of their exceptional qualifications and to increase the Board's gender diversity. The appointments have thus improved the Board's gender diversity close to our initial target of 40% by the conclusion of the 2021 AGM. Our unrelenting drive for a more diverse workplace helps to attract a greater range of employees, leads to greater staff motivation and produces more innovative solutions to problems. It is a source of pride to extend this drive to the Board.

Appointment of a Chief Finance Officer

As part of the Company's strategic drive to ensure effective financial strategies are implemented, the Board appointed a Chief Finance Officer in October, 2020, in the person of Mrs. Pheobe Onyinye Obi.

Mrs Obi comes with almost fifteen years of extensive local and international experience in leading Strategic Planning, Budgeting, and Corporate Finance for high-growth organisations. Prior to her appointment with BPN, she worked with Messrs KPMG Professional Services (KPMG) from 2009 to 2018, where she rose from Senior Associate to Management Level.

She also worked with the United Kingdom (U.K) based firm of Nomiworld/Sochitel Telecommunications Limited as Head - Compliance and Financial Controls.

She holds a Bachelor's degree in Accounting from the Babcock University Remo, Ogun State and a Master's Degree in Finance from the University of Lagos. She is a Member of the Association of Certified Chartered Accountants (ACCA) UK, and the Institute of Chartered Accountants of Nigeria (ICAN). She has several certifications including Professional Training and Certificates in Supervisory skills, Intermediate/Advanced Microsoft Excel and Financial Modelling, KPMG Global Risk Management Training, United Nations E- Course on Climate Change, amongst others.



CHAIRMAN'S STATEMENT (CONT'D)

Financial Results - Demonstration of Resilience

You will recall in my address to you last year, I had highlighted the emergence of significant headwinds in the business environment which coupled with the Covid 19 pandemic manifested in a unique set of problems that defied textbook solutions.

On a macroeconomic level, the decreasing value of the Naira has significantly impacted the prices of raw materials thereby putting more strain on the Company's cost of sales. The Company has also had to deal with scarcity of raw materials partly due to the disruptions in supply chain as a result of the pandemic and also the congestion at the ports.

A combination of the aforementioned factors contributed to a significant decrease in the profitability of most Manufacturing companies with a significant number declaring losses. The recent Gross Domestic Product (GDP) report released by the Nigerian Bureau of Statistics (NBS) revealed that the real GDP of the manufacturing sector contracted by -2.75% in 2020.

Having realised the impact the pandemic had on the company's financial projections, the Board and Management re-strategized and revised the Company's previously set budgets and forecasts for 2020 which had become of limited relevance, given the rapidly changed economic and business circumstances. A significant revision in revenue forecast, gross margins and working capital was thus undertaken to ensure the continuous sustainability of the business.

Notwithstanding the earlier negative developments impacting the industry, your Company was able to demonstrate a show of resilience in the year-end financial results.

Having realised the impact the pandemic had on the company's financial projections, the Board and Management re-strategized and revised the Company's previously set budgets and forecasts for 2020 which had become of limited relevance, given the rapidly changed economic and business circumstances. A significant revision in revenue forecast, gross margins and working capital was thus undertaken to ensure the continuous sustainability of the business. Notwithstanding the earlier negative developments impacting the industry, your Company was able to demonstrate a show of resilience in the year-end financial results.

A review of the financial result showed that revenue increased by 7.1% from ₦3.58 billion in 2019 to ₦3.84 billion in 2020 driven by volume growth despite the shutdown in economic activities, disruptions and environmental unrest and the loss of sales for about 7 weeks in the year. Gross profit declined by 15% from ₦1.66 billion in 2019 to ₦1.42 billion in 2020 with gross margin of 37%, whilst Profit for the year declined 67% largely on the account of the decline in EBIT and finance income.

Free cash flow remained strong at ₦529 million, representing 34% increase from FY 2019. This shows that the Company remains healthy, resilient and still thriving in the current environment.

The market share of our brands remains strong and the Board remains committed to building shareholder value.

Dividend

However, a proposed dividend of 40 kobo per share for the year demonstrates the company's unflinching commitment to its promises to the shareholders.

The Board is recommending, for your kind approval, the sum of ₦115,929,379 to be paid out as dividend. This works out at the rate of 40 kobo per share which represents a 60% increase in dividend paid in the previous financial year.

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CHAIRMAN'S STATEMENT (CONT'D)

If the shareholders approve the recommendation, the dividend will be paid, less withholding tax, to shareholders whose names appear on our Company's Register of Members as at the close of business on Friday, April 30, 2021.

Business Continuity in Crisis Periods - Covid 19 and Endsars Protests

The pandemic and subsequent Endsars civil unrest blindsided our strategic projections for 2020.

In the face of these unprecedented crisis, the Board demonstrated that the safety of the Company's personnel, clients and business associates was of utmost priority.

To ensure the Company remains a going concern, we reviewed our Business Continuity measures to guarantee our ability to provide service continuously to our customers with minimal disruption, without compromising the Berger paints Nigeria Plc's level of quality, efficiency and convenience.

We set up a COVID-19 Crisis management team to monitor the implementation of all internal preparations and response measures. This included communication, travel guidelines, hygiene, health checks, work procedures and general protection of personnel. Our contingency measures were aimed at limiting social contact and continuous testing in line with World Health Organisation's ("WHO"), guidelines and international best practices. All departments and units (excluding production) are fully equipped to work remotely if need be.

As part of the Board's foresightedness in leveraging technology for optimum performance, the Board had invested in technology prior to the outbreak of the pandemic to hold virtual meetings. This proved critical for business continuity as meetings were held seamlessly despite the crises.

As a Board, we are looking beyond the negative implications of the pandemic on our business and focused on the new opportunities presented by the crisis. We used the opportunity to undertake a robust and comprehensive review of our business continuity systems. The objective was to ensure our ability in the future to maintain production and business operations with minimum disruption in the event of crisis similar to the pandemic and the subsequent Endsars protests which may occasion our inability to continue production from our factory located in the Head Office.

// As a Board, we are looking beyond the negative implications of the pandemic on our business and focused on the new opportunities presented by the crisis. We used the opportunity to undertake a robust and comprehensive review of our business continuity systems. The objective was to ensure our ability in the future to maintain production and business operations with minimum disruption in the event of crisis similar to the pandemic and the subsequent Endsars protests which may occasion our inability to continue production from our factory located in the Head Office. //

The Board was also able to partner with the Lagos State government through the donation of paints for the Covid 19 Isolation Centres. This was a demonstration of our commitment to not only our internal stakeholders but to the community in which we operate.

Corporate Culture & Diversity

We recognize the value of diversity in our employee base who come from a broad and representative mix of background and experience, as different perspectives allow us to identify and develop new opportunities. We promote internal initiatives to support diversity and inclusion and realise we can only achieve our strategic objectives by building a sound reputation founded on the highest standards of responsible behaviour.

Separation of Internal Control and Internal Audit Functions

In line with the Board's assurance given last year, the Board was, with the guidance of Messrs. PwC, able to successfully and seamlessly undertake the separation of the Internal Control and Internal Audit Functions. This was to further strengthen the independence of the Internal Auditor and ensure alignment with best governance practices and the COSO framework.



CHAIRMAN'S STATEMENT (CONT'D)

Regulatory Infractions

For the 2020 financial year, no regulatory infraction was recorded.

Conclusion

Whilst 2020 was poised to be a great year after the successes achieved in 2019, we were unfortunately not cocooned from the effect of global and macroeconomic developments.

Nonetheless, although we are not completely out of the curve from the pandemic, we see light at the end of the tunnel and we expect to rebound stronger as we have put in place structures to navigate the turbulent economic waters successfully. I must commend the Board of Directors for the support and commitment shown in leading your company to deliver better returns.

As a Board, we are committed to setting the right tone at the top in ensuring best governance practices are complied with by Management and staff of BPN.

“ Nonetheless, although we are not completely out of the curve from the pandemic, we see light at the end of the tunnel and we expect to rebound stronger as we have put in place structures to navigate the turbulent economic waters successfully. I must commend the Board of Directors for the support and commitment shown in leading your company to deliver better returns. As a Board, we are committed to setting the right tone at the top in ensuring best governance practices are complied with by Management and staff of BPN. ”

To our stakeholders, we say thank you for your constant show of support. We will not let you down and assure you of the Board's commitment to sustaining the highest standards of corporate governance practices now and always.



Abi Ayida

FRC/2019/IODN/00000019260

Chairman, Board of Directors



MANAGEMENT PROFILE

Mr. Adeyemi Adetomiwa

CHIEF OPERATING OFFICER



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

He has attended several management courses and training locally and internationally among which are Operations Management, Production Management, Quality Environmental Management, Safety, Health & Environmental Management, Finance for non-Managers, Supply Chain Management, Bullet-Proof Manager Training, ISO 9001 & 14001, ISO Lead Auditor Course. Adeyemi joined Berger paints Nigeria Plc on the 2nd December 2019 as the Chief Operating Officer.

Mrs. Pheobe Onyinye Obi

CHIEF FINANCIAL OFFICER



Mrs. Obi has almost fifteen years of extensive local and international experience in leading Strategic Planning, Budgeting, and Corporate Finance for high-growth organizations. Prior to her appointment with BPN, she worked with Messrs. KPMG Professional Services (KPMG) from 2009 to 2018, where she rose from Senior Associate to Management Level. At KPMG, she spearheaded projects in Consumer Markets, adding several companies to the existing client base. Additionally, she met and surpassed deadlines and requirements of multinational group reporting both under IFRS and local statutory reporting requirements.

Thereafter, she was engaged as Senior Accountant at Lion Seal Industries Limited, from January 2019 till March 2020, before joining the United Kingdom (U.K) based firm of Nomiworld/Sochitel Telecommunications Limited as Head - Compliance and Financial Controls in April 2020. She holds a Bachelor's degree in Accounting from the Babcock University Remo, Ogun State and a Master's Degree in Finance from the University of Lagos.

She is a Member of the Association of Certified Chartered Accountants (ACCA) UK, and the Institute of Chartered Accountants of Nigeria (ICAN). She has several certifications including Professional Training and Certificates in Supervisory skills, Intermediate/Advanced Microsoft Excel and Financial Modelling, KPMG Global Risk Management Training, United Nations E- Course on Climate Change, amongst others.

Mr. Olufunso Ekundayo

HEAD OF INFORMATION TECHNOLOGY



Mr. Ekundayo is the Head of Information Technology at Berger Paints with over 10 years experience in the Information Technology sector. He has worked in various capacities in top tier IT companies like Resourcery PLC, Wakanow.com, and Vconnect where he helped to build great technology teams and led the teams to deliver great products.

He is a graduate of Mathematics & Statistics from the University of Lagos, a certified PRINCE2 professional and an Alumnus of the Stanford Graduate School of Business.



MANAGEMENT PROFILE (CONT'D)



Mr. Aminu Sumaila

HEAD OF SALES

Mr. Sumaila joined Berger Paints Nigeria Plc on 8th January, 2020 as Head of Sales. Prior to that he had worked as National Sales Manager – Portland Paints and Products Nigeria Plc. He holds a Higher National Diploma (HND) in Catering and Hotel Management from Kaduna Polytechnic.

Mr. Sumaila is a seasoned Sales and Customer service oriented Manager with over 20 years of experience from respected corporate organizations. He is a member of the Nigerian Institute of Hotel and Catering Management NIHCM and has attended various Management & Business specific courses including Restaurant Managers Training organized by Univation, Robert Gordon University-UK.



Mr. Albert Olutoye Thomas

HEAD, HUMAN RESOURCES

Toye is a graduate of Sociology from the Lagos State University. A 2008 product of the Lagos Business School, Advanced Management Programme AMP. He is an Associate Member of the Chartered Institute of Personnel Management of Nigeria and an Affiliate Member of the Chartered Institute of Personnel Development of UK. He holds a Post Graduate Certificate in Strategic Human Resource Management from University of Roehampton UK.

He joined UAC of Nigeria PLC. UACN PLC. in 2001 as a Management Trainee, where he held several positions: Staff Admin. & Training Manager, Logistics Manager in Grand Cereals Limited-a subsidiary of UACN PLC. from 2002 to 2007, Human Resource Manager CAP PLC. a subsidiary of UACN PLC. from 2007 to 2010, Compensation & Industrial Relations Manager from 2010 to 2011, Resourcing & Development Manager, from 2011 to 2018 and Organizational Change Manager from 2018 to 2019 all in the Group HR Department of UACN PLC. Corporate Centre and Head, Human Resources for UPDC PLC. from 2019 to 2020.

He had a brief stint with Integrated Automotive Services, a subsidiary of TSL Logistics Limited as Workshop Project Coordinator in 2020.



Mr. Dominic Oladeji

HEAD OF MARKETING & STRATEGY

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

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



MANAGEMENT PROFILE (CONT'D)



Mrs. Olayinka Osikomaiya

HEAD, INTERNAL CONTROL, RISK AND COMPLIANCE

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

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

Mr. Ayokunle Ayoko

COMPANY SECRETARY/LEGAL ADVISER

Mr. Ayoko has almost two decades' cumulative experience in regulatory compliance, corporate/commercial practice, litigation management, corporate governance, secretarial and business advisory. He worked with Synergy Attornies, Pan African Capital Plc and LPC Solicitors, First Bank of Nigeria Limited and FBN Holdings Plc. Whilst at the FBN Holdings Group, he served as Company Secretary to FBN Insurance Limited, FBN General Insurance Limited (then subsidiaries of FBN Holdings Plc and Sanlam, South Africa) and FBN Insurance Brokers Limited between 2015 - 2018, prior to joining Berger Paints Nigeria Plc in 2018.

At the 2019 edition of the Esq Nigerian Legal Awards, he was a recipient of the "40 under 40" Award; an award given to rising stars likely to shape the future of the Nigerian legal profession. He was also an awardee of the 2020 edition of 'Diligent 100' - an award given by Diligent Corporation, New York, for the top 100 global general counsels, corporate secretaries and governance practitioners. Mr Ayoko holds an LLB (Hons) degree from the University of Ibadan and has been called to the Nigerian Bar. He is globally Certified Management Consultant, a Fellow of the Nigerian Institute of Management Consultants, and a Council Member of the Gerson Lehrman Group, (GLG) New York. He is part of the Adjunct Faculty Network for the Nirmala Chellarams Centre for Entrepreneurship Skills, University of Lagos (NCCES), the Nigerian Bar Association (NBA), International Bar Association (IBA), Institute of Directors (IoD) and the Society for Corporate Governance Nigeria (SCGN).



Mr. Henshaw Nwaorgu

HEAD OF MANUFACTURING

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

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



MANAGEMENT PROFILE (CONT'D)



Mrs. Aderonke Olajubu

HEAD OF TECHNICAL

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



Mrs. Oluwasunmisola Odumuyiwa

HEAD OF QUALITY ASSURANCE

Mrs. Oluwasunmisola Odumuyiwa is the Head of Quality Assurance of Berger Paints Nig. Plc. She is a coating expert with over twenty years experience in technical aspects including Research and Development, Quality System Management Process.

She holds a B.Sc. degree in Chemical Science from the Federal University of Agriculture, Abeokuta. She is a member of the Chemical Society of Nigeria and European Coatings.

She has attended various local and International training, including Crestcom Bulletproof Manager, Lagos Business School, Social Impact Sustainability Training, and Patch Coating Training in Dubai.





MR ANJAN SIRCAR
MANAGING DIRECTOR

MD/CEO'S STATEMENT

I am pleased to welcome you to the 61st Annual General Meeting (AGM) of Berger Paints Nigeria Plc, and to present our scorecard for the financial year ended 31st December, 2020. Although this has been a challenging year, I am pleased to report that our story for the 2020 financial year was one of resilience as we stayed the course in our commitment to excellence and growing shareholder value. Faced with a global pandemic, a nationwide civil protest with attendant impact on sales, distribution, supply chain and currency value, we navigated these challenges to record growth and profit, albeit modest.

The highlights of the 2020 financial year are ended with a profit of ₦146 million, as detailed below:

- **Revenue** increased by 7.1% from ₦3.58 billion in 2019 to ₦3.84 billion in 2020 driven by volume growth despite the shutdown in economic activities, disruptions and environmental unrest and the loss of sales for about 7 weeks in the year.
- **Gross profit** declined by 15% from ₦1.66 billion in 2019 to ₦1.42 billion in 2020 with gross margin of 37%. The decline was largely due to the impact of the COVID-19 pandemic which resulted into a global scarcity of raw materials and consequently a significant rise in raw material prices. Difficulty in sourcing for forex also impacted the cost of inputs significantly.
- **EBIT** was recorded at ₦154.05 million representing 62% decline from 2019. This was principally due to the decline in gross profit, increased focus on health and safety in response to the COVID 19 pandemic, recruitment of key management staff and general rise in prices of operational purchases.
- **Net finance income** declined 56% due to the shortfall in investment income in the year and impact of the interest rates fluctuations in the year.
- **Profit for the year** declined 67% largely on the account of the decline in EBIT and finance income.
- **Free cash flow** remained strong at ₦529 million, representing 34% increase from FY 2019. This shows that the Company remains healthy and is still thriving in the current environment.
- **Earnings per share** declined by 68%. However, a proposed dividend of 40 kobo per share for the year demonstrates the company's unflinching commitment to its promises to the shareholders.

Whilst not peculiar to us as a company, the impact of the pandemic induced recession was more acutely felt in our sector as the disruptions in the supply chain and congestion at the ports presented difficulties in the purchases of raw materials, sharp increases of input costs and shrinking of our profit margins.

Nonetheless, the Board and Management rallied and activated the Company's robust business continuity plan, which meant that critical systems remained operational with our personnel working remotely from home during the government declared lockdown. We were also constrained to undertake an adjustment in our strategy to ensure that we continued to create value for customers, employees and investors and despite the pandemic and civil unrest which led to the loss of 7 weeks of sales, the company's performance for the year revealed modest revenue growth when compared to the 2019 results.

“We were also constrained to undertake an adjustment in our strategy to ensure that we continued to create value for customers, employees and investors and despite the pandemic and civil unrest which led to the loss of 7 weeks of sales, the company's performance for the year revealed modest revenue growth when compared to the 2019 results. //”

The revenue growth has been largely driven by the strategic focus on the sales of premium products and inclusion of new business partners. This also contributed to the volume growth.

The Management team has gone to extreme lengths to ensure your Company is able to record profitability notwithstanding the macroeconomic headwinds. The Company remains strong in its commitment to its shareholders, hence I am pleased to announce that the Board will be recommending to shareholders the payment of 40 kobo per ordinary share to be paid to its shareholders



MD/CEO'S STATEMENT (CONT'D)

which is 60% higher than the 25 kobo paid in previous year. This is however subject to withholding tax and final approval at the 2021 Annual General Meeting.

Many will remember the year 2020 as one filled with unimaginable obstacles, health challenges and uncomfortable experiences. At BPN, we choose to remember it for how we responded to these challenges and what we did to build for the years ahead. Crisis periods are usually the best test of mettle and a Company's resilience and we are proud to emerge from this period remaining strong. These periods are when the best companies build for the future, and we are focused on taking advantage of the opportunities that play to our competitive strengths. We have also adopted new business strategies and initiatives for better and improved performance in the 2021 financial year.

“Many will remember the year 2020 as one filled with unimaginable obstacles, health challenges and uncomfortable experiences. At BPN, we choose to remember it for how we responded to these challenges and what we did to build for the years ahead. Crisis periods are usually the best test of mettle and a Company's resilience and we are proud to emerge from this period remaining strong. These periods are when the best companies build for the future, and we are focused on taking advantage of the opportunities that play to our competitive strengths.”

Nigeria's economic growth outlook for 2021 is brighter but remains fragile. The CBN expects its initiatives to increase credit flows to key productive sectors to stimulate output growth and strengthen the economic recovery, which started in Q4 2020 as the country exited recession. The World Bank projects that the Nigerian economy will grow by 1.1 per cent in 2021, driven by an uptick in private consumption and government consumption. There are reasons for cautious optimism, even though COVID-19 infections could spike occasionally. The scientific community now has a better understanding of the virus and how to safeguard segments of the population that are most susceptible to a negative outcome.

Whilst we have not fully overcome the impact of the pandemic, we are positive that the worst is behind us and we are now positioned to maximize the opportunities for growth, not only in the Nigerian market and other markets facilitated by the African Continental Free Trade Area (AfCFTA). Our world is increasingly digital, and we see it opening new and exciting opportunities for empowering our people and making business easier. As a demonstration of our commitment to leveraging technology in our business, during the year under review, we introduced the online purchase system, the first Nigerian paints company to do so and designed to introduce comfort to the customer purchase experience.

“Our world is increasingly digital, and we see it opening new and exciting opportunities for empowering our people and making business easier. As a demonstration of our commitment to leveraging technology in our business, during the year under review, we introduced the online purchase system, the first Nigerian paints company to do so and designed to introduce comfort to the customer purchase experience.”

We enter 2021 well-positioned to further maximize the opportunities technology provide for our business. Our customer relationships and intense focus on delivering innovative solutions will enable us to continue to deliver the sustainable growth that you, our shareholders, deserve.

I will like to thank you all for your trust and on behalf of Management, we restate our dedication and commitment to making the Company the top paints' manufacturer in Nigeria and beyond.



Anjan Sircar

FRC/2020/003/00000020547

Managing Director/CEO



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 : www.linkedin.com/company/berger-paints-nigeria-plc

   : @Bergerpaintsng

 : www.bergerpaintsnig.com/shop

NOTICE OF 61ST ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-first (61st) Annual General Meeting (AGM) of Berger Paints Nigeria Plc. will be held by proxy at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Thursday May 20, 2021 at 10:00 a.m., or so soon thereafter, to transact the following business:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31st December, 2020, together with the reports of the Directors, Auditors, Board Appraisers and Audit Committee thereon.
2. To declare a dividend.
3. To elect the following Directors:
 - a. Mrs. Ogechi Iheanacho
 - b. Mrs. Erejuwa Gbadebo
 - c. Mrs. Aisha Umar
 - d. Mr. Victor Olusegun Adeniji
4. To re-elect the following Directors retiring by rotation:
 - a. Mr. Kunle Olowokande
 - b. Mr. Anjan Sircar
 - c. Mr. Abi Ayida
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To disclose the remuneration of the Managers of the Company at www.bergerpaintsnig.com
7. To elect members of the Audit Committee.

Special Business

8. To approve retirement benefits for retiring Directors.

Notes:

(I) Compliance with Covid-19 Related Directives and Guidelines

The Federal Government of Nigeria, State Governments, Health Authorities and Regulatory Agencies have issued some guidelines and directives aimed at curbing the spread of Coronavirus Pandemic in Nigeria. Particularly, the Lagos State Government via the Lagos State Infectious Diseases (Emergency Prevention) Regulations 2020, has prohibited large gatherings at any event and the Corporate Affairs Commission (CAC) issued guidelines on holding the AGM of Public Companies by proxy. The convening and conduct of the AGM is thus being done in compliance with these guidelines.

(II) Proxies

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his stead. Accordingly, members entitled to attend and vote at this meeting can only vote through Proxies. In this regard, any member entitled to attend and vote, is advised to appoint a Proxy to attend and vote in his stead from any of the following persons:

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

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

All instruments of proxy should be completed and deposited at the office of the Company's Registrars, Meristem Registrars and Probate Services Limited (Registrars), at 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State, or via email to info@meristemregistrars.com, not later than 48 hours before the time of holding the meeting. The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.



NOTICE OF 61ST ANNUAL GENERAL MEETING (CONT'D)

(III) **Live Streaming of Meeting**

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

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

In line with Section 114 of Companies and Allied Matters Act, (CAMA) 2020, the Register of Members and Transfer Books of the Company will be closed from May 3 to May 7, 2021 (both days inclusive) for the purpose of updating the Register of Members.

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

The Board of Directors of the Company are recommending a dividend of ₦0.40kobo per share, payable less Withholding Tax. If approved at the meeting, the dividend will be paid electronically on May 21, 2021, to shareholders whose names appear on the Register of Members as at April 30, 2021, who have completed the e-dividend registration and mandated the Registrars to pay their dividends directly into their bank. Shareholders are advised to forward particulars of their account details to the Registrars to enable direct credit of their dividends on the same day.

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

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

(VII) **E-Dividend**

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

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

(VIII) **Nominations to the Statutory Audit Committee**

In accordance with Section 404 (6) of the CAMA 2020, any member may nominate a shareholder as a member of the Statutory Audit Committee, by giving notice in writing, of such nomination, along with the nominee's resume, to the Company Secretary/Legal Adviser at least 21 days before the AGM.

(IX) **Election of Directors**

Mrs. Ogechi Iheanacho was appointed a Non-Executive Director effective January 2, 2021. Mrs. Aisha Umar and Mrs. Erejuwa Gbadebo were appointed Independent Non-Executive Directors effective January 27, 2021 whilst Mr. Victor Olusegun Adeniji was appointed as an Independent Non-Executive Director effective February 16, 2021. All the foregoing appointments were made subject to Shareholders' approval at this meeting.

(X) **Retirement/Re-Election of Directors**

Chief Musa Danjuma, Chief Nelson Nweke, and Mr. Sanjay Datwani are all retiring effective May 21, 2021 and they will not be standing for re-election. Engineer Patrick Buruche had retired from the Board effective December 31, 2020.

In line with Section 285 of CAMA 2020, Messrs Kunle Olowokande, Anjan Sircar and Abi Ayida are all retiring by rotation at this meeting. The retiring Directors, being eligible, are offering themselves for re-election as Directors at the AGM.



NOTICE OF 61ST ANNUAL GENERAL MEETING (CONT'D)

(XI) **Electronic Annual Report**

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

(XII) **Rights of Securities Holders**

Shareholders have a right to ask questions not only at the meeting, but also in writing prior to the Meeting, and such written questions should be submitted to the Company Secretary/Legal Adviser, on or before May 14, 2021.

(XIII) **Profile of Directors**

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

Dated the 26th day of March, 2021.

By Order of the Board



Ayokunle Ayoko

Company Secretary/Legal Adviser

FRC/2015/NBA/00000013900

102 Oba Akran Avenue

Ikeja, Lagos State.



INFORMATION GUIDE FOR THE 61ST ANNUAL GENERAL MEETING

Dear Shareholders,

We welcome you to the 61st Annual General Meeting (AGM) of our esteemed company, which is holding at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Thursday May 20, 2021 at 10:00 a.m. The proposed resolutions along with the rationale for the proposed resolutions are hereinafter detailed. At the meeting, you will be asked to vote in favour of the following resolutions;

1. RESOLUTION ON REPORTS AND ACCOUNTS

Prayer

"That the Audited Accounts for the financial year ended December 31, 2020 together with the reports of the Directors, Auditors, Board Appraisers and Audit Committee thereon submitted to the meeting be received"

Rationale

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

Similarly, the Audit Committee, on which you have your representatives, is required by CAMA 2020 to make recommendations to the General Meeting on the company's performance and will be presenting its report accordingly.

The Director's Report, which will also be presented to you at the meeting, is required under Section 377 (2) (f) of CAMA 2020 to contain the following issues in respect of the Company;

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

Finally, the report of the External Consultant's Appraisal report on the Board's performance will be presented to you to give you an overview of the Board's stewardship for the year under review.

In addition to the aforementioned reports being statutorily required, the Annual Report seeks to give shareholders a clear picture of our Company's performance for the outgoing financial year.

Despite the extremely challenging operating environment in 2020 occasioned by the impact of the Covid 19 pandemic and the subsequent EndSars Protests in different parts of the country, your Company was able to show resilience to deliver profitability albeit modest. Berger Paints Nigeria Plc. revenue grew by 7.1% to ₦3.84 billion as against ₦3.58 billion reported in December 2019 driven by volume, despite the shutdown in economic activities in the year. Disruptions and environmental unrest resulted to a loss of sales for about 7 weeks. The 2020 financial year ended with a profit of ₦146 million



INFORMATION GUIDE FOR THE 61ST ANNUAL GENERAL MEETING (CONT'D)

To buttress and sustain our position in the market, improve efficiencies and performance of the business into the future, a number of initiatives are being implemented.

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

2. RESOLUTION ON DIVIDEND PAYABLE

Prayer

"That a dividend payment in the total sum of ₦115,929,379 (One Hundred and Fifteen Million, Nine Hundred and Twenty-Nine Thousand, Three Hundred and Seventy-Nine Naira only) which translates to 40 kobo per each 50 kobo ordinary share of the company held, subject to withholding tax, to shareholders whose names appear on our Company's Register of Members as at the close of business on Friday, April 30, 2021, be hereby approved."

Rationale

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

The Board of Directors has recommended the payment of the sum of ₦115,929,379 (One Hundred and Fifteen Million, Nine Hundred and Twenty-Nine Thousand, Three Hundred and Seventy-Nine Naira only), out of the distributable reserve of the Company as dividend in respect of the financial year ended December 31, 2021. This translates to 40 kobo per 50 kobo share of the Company held, subject to withholding tax. The proposed represents 60% increase from the 25kobo dividend paid in prior year.

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

3. RESOLUTION ON ELECTION OF DIRECTORS

3a-d. Election of Directors

Prayer(s)

3a. "That the election of Mrs. Ogechi Iheanacho as a Non-Executive Director of Berger Paints Nigeria Plc be and is hereby approved".

3b. "That the election of Mrs. Erejuwa Gbadebo, as an Independent Non-Executive Director of Berger Paints Nigeria Plc be and is hereby approved".

3c. "That the election of Mrs. Aisha Umar, as an Independent Non-Executive Director of Berger Paints Nigeria Plc be and is hereby approved".

3d. "That the election of Mr Victor Olusegun Adeniji, as an Independent Non-Executive Director of Berger Paints Nigeria Plc be and is hereby approved".

Rationale

In line with Section 274 of CAMA 2020, Mrs Ogechi Iheanacho was appointed as a Non-Executive Director whilst Mrs. Erejuwa Gbadebo, Mrs. Aisha Umar and Mr Victor Olusegun Adeniji were all appointed to the Board as Independent Non-Executive Directors. The Board's decision to appoint the aforementioned was influenced by their demonstrated business acumen, high pedigree, professionalism and diverse experience garnered in different sectors of the economy.

In view of the foregoing, we urge you to vote in support of the motion to elect Mrs Ogechi Iheanacho, Mrs. Erejuwa Gbadebo, Mrs. Aisha Umar and Mr Victor Olusegun Adeniji, to the Board as Directors.



INFORMATION GUIDE FOR THE 61ST ANNUAL GENERAL MEETING (CONT'D)

4. RESOLUTION ON RE-ELECTION OF DIRECTORS

Prayer(s)

4a. "That Mr Kunle Olowokande, who having retired by rotation, being eligible and having offered himself for re-election, is duly re-elected'.

4b. "That Mr Anjan Sircar, who having retired by rotation, being eligible and having offered himself for re-election, is duly re-elected'.

4c. "That Mr Abi Ayida, who having retired by rotation, being eligible and having offered himself for re-election, is duly re-elected'.

Rationale

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

In line with this provision of CAMA 2020, one third of the Board of Directors have always retired at every AGM. In view of the aforementioned statutory provision, three directors will be retiring at this meeting. They are Mr Adekunle Olowokande, Mr Anjan Sircar and Mr Abi Ayida.

The instant resolution therefore, is for your approval to re-elect Messrs Adekunle Olowokande, Anjan Sircar and Abi Ayida who will be retiring from the Board, are eligible for re-election and offered themselves for re-election.

Their profiles are contained in the Annual Report.

In view of the foregoing, we urge you to vote in support of the motion to re-elect Messrs Adekunle Olowokande, Anjan Sircar and Abi Ayida, to the Board as Directors.

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

Prayer

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

Rationale

Section 408(1) (b) of CAMA 2020 provides that the remuneration of Auditors may be fixed by the company in General Meeting or in such manner as the company in General Meeting may determine.

In line with the referenced provision of CAMA 2020, it is usual practice to ask the General Meeting to authorize the Board to negotiate and fix the remuneration of the External Auditor.

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

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

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

Prayer

'The Directors hereby disclose that the remuneration for the Managers of the business for the 2020 financial year was ₦158,445,000'



INFORMATION GUIDE FOR THE 61ST ANNUAL GENERAL MEETING (CONT'D)

Rationale

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

For the 2020 financial year, a total sum of NGN158,445,000 was paid to the managers of the business.

No resolution is required to be taken on this item.

7. RESOLUTION ON APPOINTMENT OF AUDIT COMMITTEE

Prayer

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

- | | |
|--------------------------------------|-------------------------------------|
| 1. _____ | (Shareholder Representative) |
| 2. _____ | (Shareholder Representative) |
| 3. _____ | (Shareholder Representative) |
| 4. Mrs Ogechi Iheanacho | (Director) |
| 5. Mr Victor Olusegun Adeniji | (Director) |

Rationale

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

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

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

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

At the meeting, there will be an election to elect three shareholder representatives to serve on the SAC for the 2021 financial year. The curriculum vitae (CVs) of the nominees have been collated and may be viewed on the Company's website.



INFORMATION GUIDE FOR THE 61ST ANNUAL GENERAL MEETING (CONT'D)

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

1. Mrs Ogechi Iheanacho
2. Mr Victor Olusegun Adeniji

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

8. RESOLUTION TO APPROVE RETIREMENT BENEFITS FOR RETIRING DIRECTORS

Prayer

That the sum of ₦11,333,333, (Eleven Million, Three Hundred and Thirty-Three Thousand Naira, Three Hundred and Thirty-Three Naira), ₦5,208,330 (Five Million, Two Hundred and Eight Thousand, Three Hundred and Thirty Naira) and ₦3,791,663 (Three Million, Seven Hundred and Ninety-One Thousand, Six Hundred and Sixty-Three Naira) be paid to Chief Musa Danjuma, Chief Nelson Nweke and Engr. Patrick Buruche, respectively, as retirement benefits having retired from the Board'

Rationale

Rule 16.14 of the National Code of Corporate Governance 2018 provides that 'subject to the provisions of extant laws, the Company may pay compensation for loss of office or retirement to Directors.'

Additionally, Section 298 of CAMA 2020 provides that it shall not be lawful for a company to make to any director of the company, any payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office, unless particulars with respect to the proposed payment and the amount have been disclosed to members of the company and the proposal is approved by the company

The Board has thus recommended the foregoing payments calculated based on Board agreed criteria, to Chief Musa Danjuma (September 12, 2000 - May 20, 2021) Chief Nelson Nweke (December 11, 2012- May 20, 2021) and Engr. Patrick Buruche (July 17, 2014-December 31, 2020), respectively subject to shareholder's approval.

We therefore urge you to vote in support of the resolution above.



DIRECTORS' REPORT

The Directors are pleased to present to the distinguished members this Annual Report, together with the Audited Financial Statements of the Company for the year ended 31 December 2020.

1. Legal status

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

Its subsidiary, Lewis Berger Paints Ghana Limited was incorporated in Ghana with effect from 22 October, 2013 as a private limited liability company. As at 31 December 2020, the subsidiary has since remained dormant and had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

2. Principal activities

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

3. Operating results

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

In thousands of naira	2020	2019
Revenue	3,837,582	3,584,804
Operating profit	194,951	512,928
Profit before minimum tax	211,850	551,561
Profit before income tax	210,903	533,099
Profit after tax	146,028	448,733
Total comprehensive income for the year	146,028	448,733

4. Dividend

The directors are pleased to recommend to shareholders the payment of a dividend of 40 kobo per share for the 2020 financial year which amounts to ₦115,929,000 subject, to the approval of the members at the Annual General Meeting (2019: ₦72,456,000, that is, 25 kobo per share). If approved, the dividend is payable less withholding tax to all members whose names appear in the Company's Register of Members as at the close of business on April 30, 2021

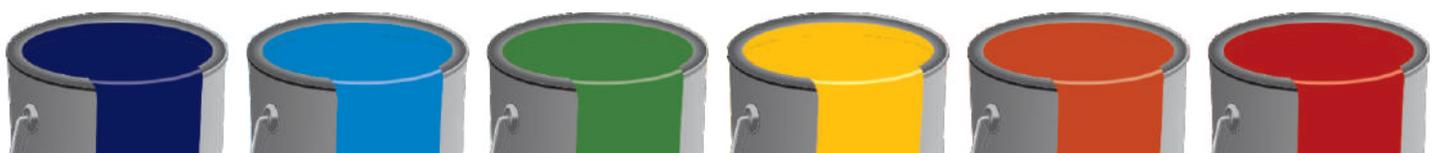
5. Corporate Governance

Whistleblowing

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

Respect For Law

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



DIRECTORS' REPORT (CONT'D)

Role In The Larger Society

Berger Paints Nigeria Plc. remains undisputedly, a leading paints manufacturer in this country, and as an integral part of the Nigerian society, the Company plays numerous roles. Apart from being a major employer of labour, Berger Paints is a supplier, a partner as well as a willing and uncompromising taxpayer. In doing all these, the Company impacts on the society in no small way. The Company's relationship with the shareholders and stakeholders is cordial and objective.

Integrity

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

6. Board of directors

(i) Composition of the Board and Attendance at Meetings

During the year under review, the Company was managed by a Board of eight Directors consisting of one Independent Non-Executive Director, six Non-Executive Directors (which included the Chairman) and one Executive Director (i.e. the Managing Director). The Board met six (6) times in 2020. In compliance with Section 284(2) of the CAMA 2020, the Record of Directors' attendance at Board meetings is exhibited for inspection at the meeting. It is summarized hereunder:

S/N	Name	Jan 30	Mar 19	June 18	July 30	Oct 29	Dec 11	No. (6)
1	Mr. Abi Ayida	P	P	P	P	P	P	6
2	Chief Musa Danjuma	P	P	P	P	P	P	6
3	Chief Nelson Nweke	P	P	P	P	P	P	6
4	Mr. Raj Mangtani	P	P	P	P	P	P	6
5	Mr. Adekunle Olowokande	P	P	P	P	P	P	6
6	Engr. Patrick Buruche	P	P	P	P	P	P	6
7	Mr. Sanjay Datwani	P	P	P	P	P	P	6
8	Mr. Anjan Sircar	P	P	P	P	P	P	6

** P - Present

(ii) Board Changes

Appointment Process - The Board appointment process is guided by an ethical and transparent process in line with best practices and extant regulations. Directors are selected on the basis of skills, expertise and experience, among other considerations. The Board Establishment, Remuneration and Governance Committee is saddled with the responsibility of identifying, considering and recommending potential directors to the Board. Upon confirmation by the Board, they are thereafter presented to the shareholders for approval. There were no changes during the year under review. However, Engineer Patrick Buruche retired from the Board effective December 31, 2020. There have been further appointments after the year under review. Mrs Ogechi Iheanacho was appointed (wef January 2, 2021), to replace Engr. Buruche on the Board whilst Mrs Erejuwa Gbadebo, Mrs Aisha Umar (wef January 27, 2021) and Mr Victor Olusegun Adeniji (wef February 16, 2021) were appointed as Independent Non Executive Directors to replace Chief Musa Danjuma, Chief Nelson Nweke and Mr Sanjay Datwani, who will all be retiring at the 2021 Annual General Meeting.

(iii) Board Training

Directors have the opportunity to attend programs, relating to governance and business practices, as part of their continuing education. For the 2020 financial year, all the directors attended the following trainings:

- 1 **Corporate Governance and Managing Post-Covid/Post Endsars and deteriorating security framework for the Board of Berger Paints Nigeria Plc'** – Institute of Directors Centre for Corporate Governance – November 17, 2020.
- 2 **Re-Evaluating Strategy & Financial Leadership** – Messrs. DCSL - August 11, 2020.



DIRECTORS' REPORT (CONT'D)

(iv) **Directors retiring by rotation**

The Directors retiring by rotation in accordance with the Companies and Allied Matters Act are Mr Abi Ayida, Mr Kunle Olowokande and Mr Anjan Sircar who, being eligible offer themselves for re-election.

(v) **Directors' interest in shares as at 31 December 2020**

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

Director	Direct	Indirect Interest	Interest in Contracts
Mr. Abi Ayida	625,601	Jurewa Investment	16,685,111
		Alemaje and company Limited	16,315,506
Chief Musa Danjuma	3,442,372	Nil	None
Chief Nelson Nweke	234,320	Nil	None
Mr. Raj Mangtani	Nil	Nil	Raw materials and product formulation, through Emychem Nigeria Ltd.
Mr. Adekunle Olowokande	197,965	Nil	None
Engr. Patrick Buruche	504,294	Nil	None
Mr. Sanjay Datwani	Nil	Nil	Raw materials, through Clayton Finance Limited.
Mr. Anjan Sircar	Nil	Nil	None

(vi) **Directors' Responsibilities**

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

- Proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and which ensure that Financial Statements comply with the requirements of the CAMA 2020.
- Appropriate internal control procedures are established which, as far as is reasonably possible, safeguard the assets of the Company, prevent and detect fraud and other irregularities;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted, consistently applied and supported by reasonable judgments and estimates; and
- The financial statements are prepared on a going concern basis, unless it is presumed that the Company will not continue in business.

7. Board Committees

In alignment with extant codes of corporate governance, the Board Finance & General Purpose Committee, Board Establishment, Remuneration & Governance Committee and Board Audit, Strategy & Risk Management Committee were in operation as at December 31 2020. The Board worked through these Committees, all of which were guided by Charters containing their terms of reference. The terms of reference of the Committees are summarized below, in addition to the record of directors' attendance:



DIRECTORS' REPORT (CONT'D)

Board Committees – Terms of Reference/Attendance at Meetings

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

S/N	Name	Jan 28	June 11	July 22	Oct 20	Dec 17	No. (5)
1	Mr. Adekunle Olowokande (Chairman)	P	P	P	P	P	5
2	Chief Nelson Nweke	P	P	P	P	P	5
3	Mr. Sanjay Datwani	P	P	P	P	P	5
4	Eng. Patrick Buruche	P	P	P	P	P	5
5	Mr Anjan Sircar	P	P	P	P	P	5

*P - Present

Establishment Remuneration & Governance Committee: Review of the management development and succession plans, as well as the assessment of the effectiveness of the Board's governance practices.

S/N	Name	28-Jan	June 11	July 16	Oct 20	No. (4)
1	Chief Nelson Nweke (Chairman)	P	P	P	P	4
2	Chief Musa Danjuma	P	P	P	P	4
4	Mr. Raj Mangtani	P	P	P	P	4
5	Mr. Adekunle Olowokande	P	P	P	P	4

**P - Present **A - Apology **NYM - Not Yet Member **NMM - No More Member

Audit, Strategy & Risk Management Committee: Audit of financial statements, monitoring of the corporate strategy and review of the risk management policy.

S/N	Name	Jan 28	June 11	July 16	Oct 20	No. (4)
1	Mr. Raj Mangtani (Chairman)	P	P	P	P	4
2	Mr. Adekunle Olowokande	P	P	P	P	4
3	Mr. Sanjay Datwani	A	P	P	P	3

**P - Present **A - Apology

8. Statutory Audit Committee

Within the year under review, the SAC comprised of three non-executive directors and three shareholders' representatives. The Committee, in the conduct of its affairs as stipulated in Section 404 of CAMA 2020, reviewed the overall risk management and control systems, as well as financial reporting procedures and standards of business conduct of the Company. In the performance of their duties, the members had direct access to both the Internal Auditors and the External Auditors. The Committee met 4 times in 2020 as detailed below.

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

S/N	Name	Jan 23	Mar 10	Jul 27	Oct 19	Dec 1	No. (5)
1	Mr. Chibuzor Eke (Chairman)	P	P	P	P	P	5
2	Mrs. Mary Shofolahan	P	P	P	P	P	5
3	Mr. Taiwo Afinju	P	P	P	P	P	5
4	Chief Musa Danjuma	P	P	P	P	P	5
5	Chief Nelson Nweke	P	P	P	P	P	5
6	Engr Patrick Buruche	P	P	P	P	P	5

**P - Present



DIRECTORS' REPORT (CONT'D)

9. Donations and gifts

In compliance with Section 43 (2) of CAMA 2020, the Company did not make any donations to any political party, political association or for any political purpose during the year under review. Donations made during the year amounted to ₦2,771,803million (2019: ₦1,031,856 million) as shown below:

Beneficiary	Purpose	2020
<i>In thousands of Naira</i>		
Lagos State Covid-19 Isolation Centre	Donation of Paints	2,492,219
GTB Covid-19 Isolation Centre, Onikan, Lagos	Donation of Paints	279,584
Total		<u>2,771,803</u>

10. Quality policy and innovation

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

11. Risk Management Policy

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

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

12. Safety and Environmental Policy

Health & Safety

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

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

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

Sustainability

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



DIRECTORS' REPORT (CONT'D)

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

Wellbeing, diversity and other human resource policies

The Company's policy on managing diversity recognizes that there are differences among employees and that harnessing these differences create a productive environment in which everyone feels valued, their talents utilized and organizational goals met. We have also created an enabling environment where patterns of thinking are nurtured as a way of developing our employees as agents of change. Berger Paints Nigeria Plc. is committed to providing employment for people with physical challenges who are able to work. As at the end of the year, there was no physically challenged person in the employment of Berger Paints Nigeria Plc (2019: 1)

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

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

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

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

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

13. Berger Business Partners

The Company has numerous business partners and dealers all over the country who have contributed to the turnover and to whom the Company remains grateful. Our Berger Business Partners are detailed in page 119 of this Report.

14. Suppliers

Our Suppliers' list is detailed on page 122 of this report.

15. Independent auditor

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



DIRECTORS' REPORT (CONT'D)

16. **Compliance with regulatory requirements & company policies**

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

17. **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.

BY ORDER OF THE BOARD



Ayokunle Ayoko

Company Secretary/Legal Adviser

March 26, 2021

FRC/2015/NBA/00000013900



CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2020

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

Compliance with Codes of Corporate Governance

During the period under review, the Directors, Management team and employees complied with the Securities and Exchange Commission (SEC)'s Code of Corporate Governance for public companies, listing rules of the Nigerian Stock Exchange and the Nigerian Code of Corporate Governance (NCCG).

Shareholding

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

Board of directors

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

It also ensures that good corporate governance processes and best practices are implemented.

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

The Board and Board Committees have respective Charters regulating their operations. There is also a Governance framework which defines the interrelationship of the company's governance structures.

Board Composition

Within the reporting period, the Company was managed by a Board of eight Directors consisting of one Independent Non-Executive Director, six Non-Executive Directors (which included the Chairman) and one Executive Director (i.e. the Managing Director).

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

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

Board Changes

Appointment Process - The Board appointment process is guided by an ethical and transparent process in line with best practices and extant regulations. Directors are selected on the basis of skills, expertise and experience, among other considerations. The Board Establishment, Remuneration and Governance Committee is saddled with the responsibility of identifying, considering and recommending potential directors to the Board. Upon confirmation by the Board, they are thereafter presented to the shareholders for approval. During the year under review, Engineer Patrick Buruche retired from the Board effective December 31, 2020.

Whilst there was no appointments to the Board within the reporting period, there have been appointments made thereafter. Mrs Ogechi Iheanacho was appointed (wef January 2, 2021), to replace Engr. Buruche on the Board whilst Mrs Erejuwa Gbadebo, Mrs. Aisha Umar (wef January 27, 2021) and Mr Victor Olusegun Adeniji (wef February 16, 2021) were appointed as Independent Non-Executive Directors to fill the vacancies occasioned by the retirements of Mr. Sanjay Datwani, Chief Musa Danjuma and Chief Nelson Nweke who will both be retiring effective May 21, 2021 at the conclusion of the 2021 Annual General Meeting.



CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2020

Distinct roles of Chairman and Chief Executive

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

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

Induction and Continuous Training

Upon appointment to the Board, Directors receive an induction tailored to meet their individual requirements. The induction usually includes meeting with senior management and operations staff, to assist Directors in acquiring a detailed understanding of the Company's operations by conducting them round the company's operating facilities, including an insight into how much priority has been placed on health and safety by the company. External facilitators are also engaged to handle some parts of the Induction program to introduce them to their fiduciary duties and responsibilities, amongst others. A two-day induction program was organized between February 22 -23 2021, for the newly appointed directors with external facilitation from senior Management staff, and external facilitation from Mr. Tijjani M. Borodo, FIOD, and the Institute of Directors, Nigeria.

The Company attaches great importance to training its Directors and for this purpose, continuously offers training and education to its Directors to enhance their performance on the Board and the various Committees to which they belong.

The Board Establishment, Remuneration and Governance Committee is responsible for developing continuing education programs to ensure that directors stay updated and conversant with industry requirements, corporate governance practices, and the company's business and objectives. On recommendation of the Committee, the Board an annual Board plan was approved and implemented for the 2020 financial year.

Performance evaluation process

A formal assessment process is carried out by the Board Establishment, Remuneration and Governance Committee, to assess the performance of individual members of the board, its committees, and the Board as a whole, this enables the committee to ensure their effectiveness and productivity, and to identify areas of improvement. Report of the evaluation exercise is made to the full board with recommendations on identified gaps identified.

Director Remuneration Policy

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

- Non-Executive Directors

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

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

- Executive Directors

The remuneration policy for Executive Directors considers various elements, including the following:

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



CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2020

Whistle Blowing Procedure

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

Regulatory Infractions

For the 2020 financial year, no regulatory infraction was recorded.

Diversity Policy

The Company has an approved diversity policy to provide diversity and equality to all in employment, irrespective of their gender, race, ethnic origin, disability, age, nationality, national origin, sexuality, religion or belief, marital status and social class. The Company opposes all forms of unlawful and unfair discrimination.

Communication with Stakeholders

The Company has an approved communications policy and ensures open communication with stakeholders and major developments are constantly and immediately disclosed to the market and stakeholders through the Issuers Portal of the Nigerian Stock Exchange.

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

Access to Independent Professional Advice

The Board is authorized to act at the company's expense, obtain independent/professional advice from experts as required in the discharge of their responsibilities subject to due approvals. This option was exercised at different times during the 2020 financial year

Securities Trading Policy

As part of our commitment to transparency and in compliance with the Listing Regulations of the Nigerian Stock Exchange (NSE), we have a Board approved Securities Trading policy.

The Policy forbids any director; officer or other employee of the Company to trade in securities of BPN with knowledge of material information affecting the Group that has not been publicly disclosed. The Policy in addition to setting out the rules guiding the disclosure of confidential matters with third parties and non-employees, further provides that except in the necessary course of business, it shall also be illegal for any director, officer or other employee of the Company to inform any other person of material non-public information. Questions regarding the application of this Securities Trading Policy in any particular circumstance are to be directed to the Company Secretary.

The Company also ensures compliance with this policy by regular communication to all stakeholders including staff, consultants and persons listed on the Company's Insider list. Additionally, for closed periods, the Registrars are furnished with the list to monitor compliance.

Shareholder Complaints Management Policy

As part of the Company's recognition of the importance of effective engagement in promoting shareholder/investor confidence in the company, a Complaint Management Policy has been prepared pursuant to the requirements of the Securities & Exchange Commission's Rules. The Policy is designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair and timely manner.

This Policy sets out the broad framework by which BPN and its Registrars will provide assistance regarding shareholders' issues and concerns. It also provides the opportunity for BPN's shareholders to provide feedback to the Company on matters that affect shareholders.



CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2020

Shareholders who wish to make a complaint or an enquiry are to, in the first instance contact the Registrar, who manages all the registered information relating to all shareholdings, including shareholders' contact details and dividend payment instructions. Upon receipt of a complaint or an enquiry, the Registrar shall immediately provide the relevant details of such complaint or enquiry to BPN for monitoring, record keeping and reporting purposes.

In resolving complaints or enquiries, the Registrar shall be guided by the timelines stipulated in the Policy. If the Registrar is unable to satisfactorily address shareholders' enquiries and resolve their complaints, then shareholders can contact the Office of the Company Secretary/Legal Adviser.

In order to effectively assist with the resolution of complaints, all material facts and supporting documents should be included. In addition, the complaint must be signed and dated and include the name, phone number, physical and email address of the complainant.



CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2020



MR. ADEKUNLE OLOWOKANDE
Chairman, Finance and General Purpose Committee

BOARD COMMITTEES

Finance & General Purposes Committee:

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

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

Responsibilities of the Committee

- Consider and review the Company's financial performance, including significant capital allocations and expenditures.
- Review debts owed to the Company and recovery efforts made by Management.
- Review management accounts, forecasts and other financial statements.
- Consider and review reports from the Management on stock of raw materials and finished products and strategies to keep these within approved limits.
- Review, endorse and recommend for Board approval, the establishment and review of investment policy and procedure.
- Consider and review reports on the Company's investments and ensure that all investment activities are guided by the investment policy.
- Oversee the administration, effectiveness and compliance with the company's investment policies through the review of the processes and report to the Board on recommendations of the Management on placement proposals.
- Consider and review the annual budget and ensure that expenditure is within the approved budget.
- Recommend the dividend policy, including nature and timing.
- Ensure that an effective tax policy is implemented.
- Handle other duties and responsibilities delegated to the Committee by the Board.
- Composition
- The membership and tenure of the Committee is determined by the Board and guided by the Committee's Charter. The Charter stipulates that the Committee shall comprise of members with balanced views, knowledge of credit, investment, finance and general management or entrepreneurial experience with at least one (1) member possessing deep knowledge of finance and investment matters.

Specifically, the Committee membership shall be consisted of the following

- The Managing Director and/or an Executive Director
- At least two Non-Executive Directors



CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2020



CHIEF NELSON NWEKE

Chairman, Establishment Remuneration & Governance Committee

Establishment, Remuneration & Governance Committee:

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

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

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

Responsibilities of The Committee

- Review the recruitment, promotion and employment termination of senior officers on Manager grade and above;
- Consider disciplinary action to be carried out against senior officers from Manager grade and above;
- Review organizational structure, remuneration policy and policies covering the evaluation, compensation and provision of benefits to employees and any other human capital issues;
- Make recommendations to the Board regarding the remuneration, of the Board and its committees.
- Oversee the compliance with the corporate governance framework.
- Review of composition and the experience required by Board committee members, committee appointments and removal, operating structure, reporting and other Committee operational matters.
- Consider and make recommendations to the Board on appointment and re-election of directors (including the CEO).
- Ensure that all new directors receive a formal letter of appointment specifying their tenure, responsibilities, board committee involvement and other relevant details.
- Ensure the Board composition includes at least three (3) independent directors.
- Ensure that new directors receive a formal induction program.
- Ensure the development and implementation of an annual training plan for continuous education of all Board members which will provide for periodic briefings on relevant laws and regulations to Board members.
- Ensure adequate succession planning for Board of Directors and key management staff in BPN.
- Review and make recommendations to the Board for approval of the terms and conditions of employment of company's staff, its staff handbook and any proposed amendment.
- Nominate independent consultants to conduct annual review/appraisal of the performance of the Board and make recommendations to the Board in this regard. This review/appraisal should cover all aspects of the Board's structure, composition, responsibilities, individual competencies, board operations, board's role in strategy setting, oversight over corporate culture, monitoring role and evaluation of management performance and stewardship to shareholders.

Composition

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

Specifically, the composition shall include:

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

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



CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2020



MR. RAJ MANGTANI

Chairman, Strategy & Risk Management Committee

Audit, Strategy & Risk Management Committee:

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

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

Responsibilities of the Committee

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

Composition of the Committee

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

Specifically, the composition shall include:

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



CORPORATE GOVERNANCE REPORT (CONT'D)

For the year ended 31 December 2020



MR. CHIBUZOR EKE

Chairman, Statutory Audit Committee

Statutory Audit Committee

The Statutory Audit Committee is set up in accordance with the provisions of section 404(2) of the Companies and Allied Matters Act, 2020 (CAMA 2020). According to the provisions of the above referenced section, all public companies are mandated to have Statutory Audit Committees (SAC) to ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

Responsibilities of the Committee

The Committee, guided by Section 404 (7) of CAMA 2020, reviews the overall risk management and control systems, as well as financial reporting procedures and standards of business conduct of the Company. In the performance of their duties, the members have direct access to both the Internal Auditors and the External Auditors.

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

- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical policies.
- Review the scope and planning of audit by the external auditors including identified risk areas, relevance of audit plan to audit approach, and reporting time table.
- Review the effectiveness of the Company's system of accounting and internal control.
- Review the statutory auditors' management letter and ensure adequacy of Management's response;
- Make recommendation to the Board with regard to the appointment, removal and remuneration of the statutory auditors of the Company;
- Authorize the internal auditor to carry out investigation into any activities of the Company which may be of interest or concern to the Committee;
- Review the integrity of the Company's financial reporting and oversee the independence and objectivity of the external auditors; and
- All such other matters as are reserved to the Audit Committee by CAMA 2020, the NCCG Code 2018 and the provisions of the SEC Code of Corporate Governance.

Composition

Within the reporting period, the composition was composed of six (6) members including three Shareholder Representatives and three (3) Non-Executive Directors. The Code of Corporate Governance of the Securities and Exchange Commission indicate that some of the members of the Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

In compliance with section 404(3) of the newly enacted CAMA 2020, the Company will be reducing the composition of this Committee to five (5) members including three Shareholder Representatives and two (2) Non-Executive Directors

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



APPLICATION OF RECOMMENDED PRACTICES BY THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018

Principle 1 - The success of a company depends largely on the effectiveness of the Board by which it is headed. The responsibility of the board ranges from providing entrepreneurial and strategic leadership as well as promoting ethical culture and responsible corporate citizenship, amongst others. As a link between stakeholders and the Company, the Board is to exercise oversight and control to ensure that Management acts in the best interest of the shareholders and other stakeholders while sustaining the prosperity of the Company.

The Board of BPN has consistently demonstrated good leadership, enterprise, integrity and judgment in its oversight and control of the Company so as to achieve the Company's continued sustainability;

With an Executive to Non-Executive director ratio of one to seven within the reporting period, the Board was sufficiently composed to be devoid of Management influence, effectively supervise Management and enhance shareholder value (which is their major responsibility).

A report of how the Board has acted in the shareholder's interest is usually detailed in the annual report presented at the Annual General Meeting to give the shareholders a glimpse into how their business is being managed by the Board.

Principle 2 - The effective discharge of the responsibilities of the Board and its committees is assured by an appropriate balance of skills and diversity (including experience and gender) without compromising competence, independence and integrity.

The Board is presently composed of a good mix of diverse expertise, skills and experience as may be gleaned from the individual profiles of the directors. Gender diversity on the board is being gradually achieved and now stands at a ratio of 3:8. The recent appointments of three female directors is further proof of the extent to which the Board constantly seeks to maintain diversity

Principle 3 - The Chairman is responsible for providing overall leadership of the Company and the Board, and eliciting the constructive participation of all Directors to facilitate effective direction of the Board while ensuring not to involve himself in the day-to-day affairs of the Company.

The Chairman provides leadership for the Company and the Board. He is also responsible for Chairing the Board and general meetings where the participation of directors and members are solicited and considered.

Principle 4 - The Managing Director/Chief Executive Officer is the head of management delegated by the Board to run the affairs of the Company to achieve its strategic objectives for sustainable corporate performance.

The Company has in place a Management Committee which is governed by a Charter. The MD/CEO acts as the head of the Committee and provides leadership to the management team. The MD/CEO is answerable to the board.

Principle 5 - Executive Directors support the Managing Director/Chief Executive Officer in the operations and management of the Company.

Currently, the Managing Director is the only Executive Director on the Board. He is however supported by the Chief Operations Officer, Chief Finance Officer and other Management team in the operations and management of the Company.

Principle 6 - Non-Executive Directors bring to bear their knowledge, expertise and independent judgment on issues of strategy and performance on the Board. They bring necessary scrutiny to the proposals and actions of the management and executive directors.

Non-Executive Directors are usually appointed on the basis of their knowledge, expertise, experience, credibility and independent judgment. They bring this to bear not only on issues of strategy but on all issues wherein their input is required in the management of the Company.

Principle 7 - Independent Non-Executive Directors bring a high degree of objectivity to the Board for sustaining stakeholder trust and confidence. They are expected to be free from relationships with the Company that may impair, or appear to impair their abilities to make independent.

Currently, there are three Independent Non-Executive Directors on the Board and they are all aware of their responsibilities to act with objectivity and independence.



APPLICATION OF RECOMMENDED PRACTICES BY THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 (CONT'D)

Principle 8 - The Company Secretary plays an important role in supporting the effectiveness of the Board by assisting the Board and management to develop good corporate governance practices and culture within the Company, therefore should be appointed through a rigorous selection process that is applicable for appointment of new directors.

The Company Secretary possesses the relevant qualifications and experience necessary to discharge the duties of his office. He has assisted the Board in the development of good corporate governance through legal and governance advisory. He also oversaw in the preparation of the Company's governance framework, charters and policies.

Principle 9 - Directors are sometimes required to make decisions of a technical and complex nature that may require independent external expertise.

In recognition of the sometimes complex and technical nature of the decisions to be taken by Directors, provision is made at the Company's cost for the engagement of external experts/consultants as may be required. This option was utilized severally during the 2020 financial year.

Principle 10 - Meetings are the principal vehicle for conducting the business of the Board and successfully fulfilling the strategic objectives of the Company.

This recommended practice is the principal platform for decision making within BPN. At the Board level, Board meetings are the principal avenue for making decisions for the management of the Company. After such meetings, resolutions are thereafter communicated and circulated for the information and action of relevant personnel. Due to the Covid 19 pandemic, the Board leveraged on technology to conduct most of its meeting virtually within the year under review.

Principle 11 - To ensure efficiency and effectiveness, the Board delegates some of its functions, duties and responsibilities to well-structured committees, without abdicating its responsibilities.

At BPN, the Board delegates some of its responsibilities and duties to Board Committees who are composed on specialists in the relevant focus areas. The following Board Committees were in place for the 2020 financial year:

- Board Establishment, Remuneration and Governance Committee
- Board Audit, Strategy and Risk Management Committee
- Board Finance and General Purpose Committee

The Statutory Audit Committee was also operational and composed of an equal number of Directors and shareholder representatives.

All these Committees have duly approved charters governing their structure, responsibilities, and operations. Additionally, there is an approved governance framework which details the relationship and interconnectivity of these Committees to the Board.

Principle 12 - A written, clearly defined, rigorous, formal and transparent procedure serves as a guide for the selection of Directors to ensure the appointment of high quality individuals to the Board.

A formal and transparent procedure exists and serves as a guide for the selection of Directors. This process is detailed in the Board Charter, overseen by the Board Establishment, Remuneration and Governance Committee and restated in the Annual Report and Accounts.

Principle 13 - A formal induction program on joining the Board as well as regular training assists Directors to effectively discharge their duties to the Company.

A two-day induction program was organized between February 22 -23, 2021, for the newly appointed directors with internal facilitation from senior Management staff and external facilitation from Mr. Tijjani M. Borodo, FIOD and the Institute of Directors, Nigeria.

The Board Charter and Director Training policy also makes provision for, and details the process for induction for new directors.



APPLICATION OF RECOMMENDED PRACTICES BY THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 (CONT'D)

Additionally, the Board has in place an approved Director training policy providing a guide and approach to Director capacity development. At the beginning of the year, the Board approves an annual training plan to address identified capacity gaps on the Board.

Principle 14 - Annual Board evaluation assesses how each Director, the committees of the Board and the Board are committed to their roles, work together and continue to contribute effectively to the achievement of the Company's objectives.

The Board recognizes the importance of undertaking this annual evaluation and the Services of Messrs. DCSL was retained during the 2020 financial year for this purpose. Part of the scope of the evaluation includes the assessment of commitment of Directors, peer review and alignment with best governance practices.

Principle 15 - Institutionalizing a system for evaluating the Company's corporate governance practices ensures that its governance standards, practices and processes are adequate and effective.

This is part of the focus and end result of the evaluation process described above. The process seeks to undertake comprehensive review of the standards, practices and processes of the Board.

Principle 16 - The Board ensures that the Company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

BPN's compensation and reward philosophy represents the values and beliefs that drive compensation policy in the organization. The Company's compensation philosophy is driven by the quest to attract and retain highly skilled personnel who will keep the Company ahead of competition. In reviewing the Company's compensation package, some of the triggers for compensation review include organizational policy, market positioning, financial performance, government policies, regulations, industry trends, inflation and the cost of living index.

The Board's compensation and reward strategy is aimed at attracting, rewarding and retaining a motivated talent pool to drive the Company's values, ideology and strategic aspirations.

The compensation strategy supports its corporate strategy and is reviewed as required to reflect changes in internal and external environmental conditions. The compensation structure is categorized into Remuneration, Perquisites and Benefits and is detailed as follows:

- Base pay includes the salary component for the defined job grade and is mainly cash-based. It is guaranteed and payable monthly in arrears, as per the employment contract. It is the basis for the computation of some allowances and most benefits.
- Allowances are other pay items outside base pay. These are structured to support a standard of living for respective grades. These allowances include housing, furniture, lunch and clothing, etc. They are payable in cash and are paid monthly, quarterly or yearly for tax planning, liquidity planning and staff convenience. Allowances are separated into two: those that form part of staff salary and those categorized purely as allowances.
- Bonuses/incentives are related to achievement of organizational and individual targets and it may be cash or non-cash, such as performance bonuses and commendation letters.
- Perquisites are usually lifestyle-oriented and designed to ensure comfort, motivation, commitment and retention of staff, particularly those at senior level or with high potential. These may include status cars, generators, gym equipment's etc.
- Benefits are entitlements usually attainable subject to organizational conditions. They include leave, medical allowance and club subscriptions.

Remuneration for Directors

Non-Executive

Non-Executive Directors receive fixed annual fees and sitting allowances for service on Boards and Board Committee meetings. Non-Executive Directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

Executive Directors

Remuneration for the MD/CEO is performance-driven and restricted to base salaries, allowances and performance bonuses. The MD/CEO is not entitled to sitting allowances.



APPLICATION OF RECOMMENDED PRACTICES BY THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 (CONT'D)

Principle 17 - A sound framework for managing risk and ensuring an effective internal control system is essential for achieving the strategic objectives of the Company.

The Board has approved an Enterprise Risk Management System to monitor risks to the business. A risk register has also been developed which indicates the top risks to the business at every point in time.

An internal Control unit has been set up in the Organization, hence the internal control and internal audit functions have now been separated.

Principle 18 - An effective internal audit function provides assurance to the Board on the effectiveness of the governance, risk management and internal control systems.

The Board has appointed an outsourced internal audit firm tasked with overseeing the internal audit function of the Company. The firm is tasked with the responsibility of providing assurance to the Statutory Audit Committee and the Board on the effectiveness of the governance, risk management and internal control systems.

Principle 19 - An effective whistle-blowing framework for reporting any illegal or unethical behavior minimizes the Company's exposure and prevents recurrence.

The Company has in place a Whistle Blowing policy which has been communicated to stakeholders and is also on the Company's website.

Principle 20 - An external auditor is appointed to provide an independent opinion on the true and fair view of the financial statements of the Company to give assurance to stakeholders on the reliability of the financial statements.

For the 2020 financial year, the firm of Messrs. KPMG was engaged to provide an independent opinion on the true and fair view of the financial statements of the Company to give assurance to stakeholders on the reliability of the financial statements.

Principle 21 - General Meetings are important platforms for the Board to engage shareholders to facilitate greater understanding of the Company's business, governance and performance. They provide shareholders with an opportunity to exercise their ownership rights and express their views to the Board on any areas of interest.

The Board's approach to general meetings is to see the meetings as a platform for accountability. The general meetings provide an avenue for the Board to give an account of its stewardship for the preceding financial year or for any special requests.

General meetings thus provide an avenue for the shareholders to ask pertinent questions relating to the administration of the Company and directly from the Board. At BPN, shareholders are encouraged to ask questions. As highlighted in the Notice of AGM, the Board has highlighted the right of shareholders to ask questions not only at the Meeting, but also in writing prior to the Meeting.

Principle 22 - The establishment of a system of regular dialogue with shareholders balances their needs, interests and expectations with the objectives of the Company.

The Board is always open to interactions with members of the Company and utilize every opportunity to engage within the confines of regulatory guidelines.

The Secretariat is also accessible to members for resolution of complaints and responding to enquiries.

Principle 23 - Equitable treatment of shareholders and the protection of their statutory and general rights, particularly the interest of minority shareholders, promote good governance.

The rights of all shareholders in BPN are equal and minority shareholder rights are protected at all times in line with the provisions of CAMA 2020 and other extant regulations.

All members of the Company have access to the Board and the secretariat and treated equally.



APPLICATION OF RECOMMENDED PRACTICES BY THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 (CONT'D)

Principle 24 - The establishment of professional business and ethical standards underscores the values for the protection and enhancement of the reputation of the Company while promoting good conduct and investor confidence.

The Company has in place a code of ethics that governs internal and external stakeholders. Additionally, the Board has an approved Director ethics policy which is attested to annually by the Directors.'

This underscores the approach of the leadership to ethical dealings. Professionalism and good business practices are never compromised and the Board has set the tone at the top to recognize and inculcate this approach to business dealings.

Principle 25 - The establishment of policies and mechanisms for monitoring insider trading, related party transactions, conflict of interest and other corrupt activities, mitigates the adverse effects of these abuses on the Company and promotes good ethical conduct and investor confidence.

The Board has put in place a Securities Trading policy which is in alignment with regulations and codes of corporate governance. Insider lists are regularly updated and communicated to regulators. The insiders are also educated on the policy and notified prior to closed periods.

To ensure compliance with avoidance of insider trading by the Company's insiders, the Insiders are informed well ahead of closed periods to avoid trading in the shares of the Company. Additionally, the insider list is forwarded to the Company's Registrars to flag any such transactions.

To the best of our knowledge, there was no insider dealing within the year under review.

Principle 26 - Paying adequate attention to sustainability issues including environment, social, occupational and community health and safety ensures successful long term business performance and projects the Company as a responsible corporate citizen contributing to economic development.

Being a Company which has been in operation for over sixty years, sustainability of the business is a major considerations of the Board. With an understanding that the business will not be sustainable without the stakeholders, our business operations are undertaken with environmental, social, occupational and community health and safety considerations.

Additionally, as responsible corporate citizens, the Company is engaged in corporate social projects, details of which are contained in this Report.

Principle 27 - Communicating and interacting with stakeholders keeps them conversant with the activities of the Company and assists them in making informed decisions.

The Board's approach to stakeholder management is to ensure that all relevant information is disclosed to shareholders in a transparent and timely fashion.

In line with section 17 of the Nigerian Stock Exchange's Rulebook (2015), the Company endeavored to promptly disclose issues of materially price sensitive information to the market through the Issuers Portal/Website of the Nigerian Stock exchange. Additionally, periodic enquiries from shareholders were attended to within the year under review.

Principle 28 - Full and comprehensive disclosure of all matters material to investors and stakeholders, and of matters set out in this Code, ensures proper monitoring of its implementation which engenders good corporate governance practice.

As explained above, the Company is constantly engaging shareholders on significant developments relating to the Company.

Also, the Company always ensures that disclosures contained in the Annual report go beyond regulatory requirements and are detailed enough to give a comprehensive overview of the Company's operations within the previous financial year.



STATEMENT OF COMPLIANCE WITH REGULATIONS

STATEMENT OF COMPLIANCE WITH THE NIGERIAN STOCK EXCHANGE (NSE) LISTING RULES ON SECURITIES TRADING POLICY

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

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



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



Abi Ayida
FRC/2019/IODN/00000019260
Chairman

STATEMENT OF COMPLIANCE WITH THE SEC CODE OF CORPORATE GOVERNANCE

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

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



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



Abi Ayida
FRC/2019/IODN/00000019260
Chairman



STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2020

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Abi Ayida (FRC/2019/IODN/00000019260)

Chairman

March 26, 2021



Anjan Sircar (FRC/2020/003/00000020547)

Managing Director/CEO

March 26, 2021



STATEMENT OF CORPORATE RESPONSIBILITY

For the year ended 31 December 2020

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

- 1 That we have reviewed the audited Company's financial statements of the Company for the year ended 31 December 2020.
- 2 That the audited Company's financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- 3 That the audited Company's financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2020.
- 4 That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the companies, during the period end 31 December 2020.
- 5 That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited Company's financial statements, and certify that the Company's internal controls are effective as of that date
- 6 That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- 7 That we have disclosed the following information to the Company's Auditors and Audit Committee:
 - (i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and
 - (ii) there is no fraud that involves management or other employees who have a significant role in the Company's internal control.

SIGNED ON BEHALF OF THE COMPANY BY:



Anjan Sircar (FRC/2020/003/00000020547)
Managing Director/CEO
 March 26, 2021



Pheobe Obi (FRC/2020/003/00000022016)
Chief Financial Officer
 March 26, 2021



DCSL Corporate Services Limited

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Abuja, Nigeria

Tel: +234 9 4614902-5

April 2021

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF BERGER PAINTS NIGERIA PLC FOR THE YEAR-ENDED DECEMBER 31, 2020

DCSL Corporate Services Limited (DCSL) was engaged as Independent External Consultants by Berger Paints Nigeria Plc ("Berger Paints", "the Company") to carry out an evaluation of the performance of the Board of Directors, that of its Committees, the Board Chairman and Individual Directors for the year-ended December 31, 2020 in line with the provision of **Principle 14.1 of the Nigerian Code of Corporate Governance, 2018** as well as global best practices on Corporate Governance. The appraisal entailed a review of the Company's corporate and statutory documents, Minutes of Board and Committee meetings, policies and other ancillary documents made available to us and the administration of questionnaires to Directors.

The objective of the review was to ascertain the extent of compliance with corporate governance principles and the performance of the Board in general. The Company's corporate governance structures, policies and processes were benchmarked against the provisions of the Nigerian Code of Corporate Governance 2018 (NCCG), Securities and Exchange Commission Corporate Governance Guidelines 2021 (SCGG), Companies and Allied Matters Act 2020 (CAMA) and international best practices. The evaluation covered the following six key corporate governance themes:

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

The Board has the responsibility for putting in place adequate corporate governance structures and practices and approving policies that will ensure that the Company carries on its business in accordance with its Memorandum and Articles of Association as well as in conformity with applicable laws, codes and regulations to guarantee sustainability. At the conclusion of the evaluation exercise, we confirm that the Board substantially complied with the provisions of the SEC Code of Corporate Governance Guidelines and the Nigerian Code of Corporate Governance 2018 and that the activities of the Board and the Company are to a large extent in compliance with corporate governance best practice. In our opinion, the Board and individual Directors have displayed laudable commitment to enhancing the Company's growth, developing and monitoring corporate strategy to achieve sustainable growth.

The commendable attendance recorded by Directors at Board and Committee meetings during the period under review is a clear indication of the dedication and genuine interest of the Board in the Company's affairs and overall success of the Company.

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

Yours faithfully,

For: DCSL Corporate Services Ltd



Bisi Adeyemi

Managing Director

FRC/2013/NBA/00000002716

Directors: • Abel Ajayi (Chairman) • Obi Ogbechi • Adeniyi Obe • Dr. Anino Emuwa • Adebisi Adeyemi (Managing Director)

REPORT OF THE AUDIT COMMITTEE

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

1. The scope and planning of both the external and internal audit programs for the year ended 31st December, 2020 were adequate in our opinion.
2. The accounting and reporting policies of the Company conformed to statutory requirements and agreed ethical practices.
3. The systems of internal control were constantly and effectively monitored.
4. Having reviewed the External Auditors' findings and recommendations on Management matters, we are satisfied with Managements' response thereon.

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

The members of the Audit Committee for the 2020 financial year were:

Members of the Committee

1	Mr Chibuzor Eke	Shareholder Representative/Chairman
2	Mrs Mary Joke Shofolahan	Shareholder Representative/Member
3	Mr Taiwo Afinju	Shareholder Representative/Member
4	Chief Nelson Nweke	Independent Non-Executive Director/Member
5	Chief Musa Danjuma	Non-Executive Director/Member
6	Engr. Patrick Buruche	Non-Executive Director/Member (Retired wef Dec 31, 2020)

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

Dated March 19, 2021



Mr. Chibuzor Eke

Chairman, Audit Committee

FRC/2013/NIMN/00000004670



BERGER

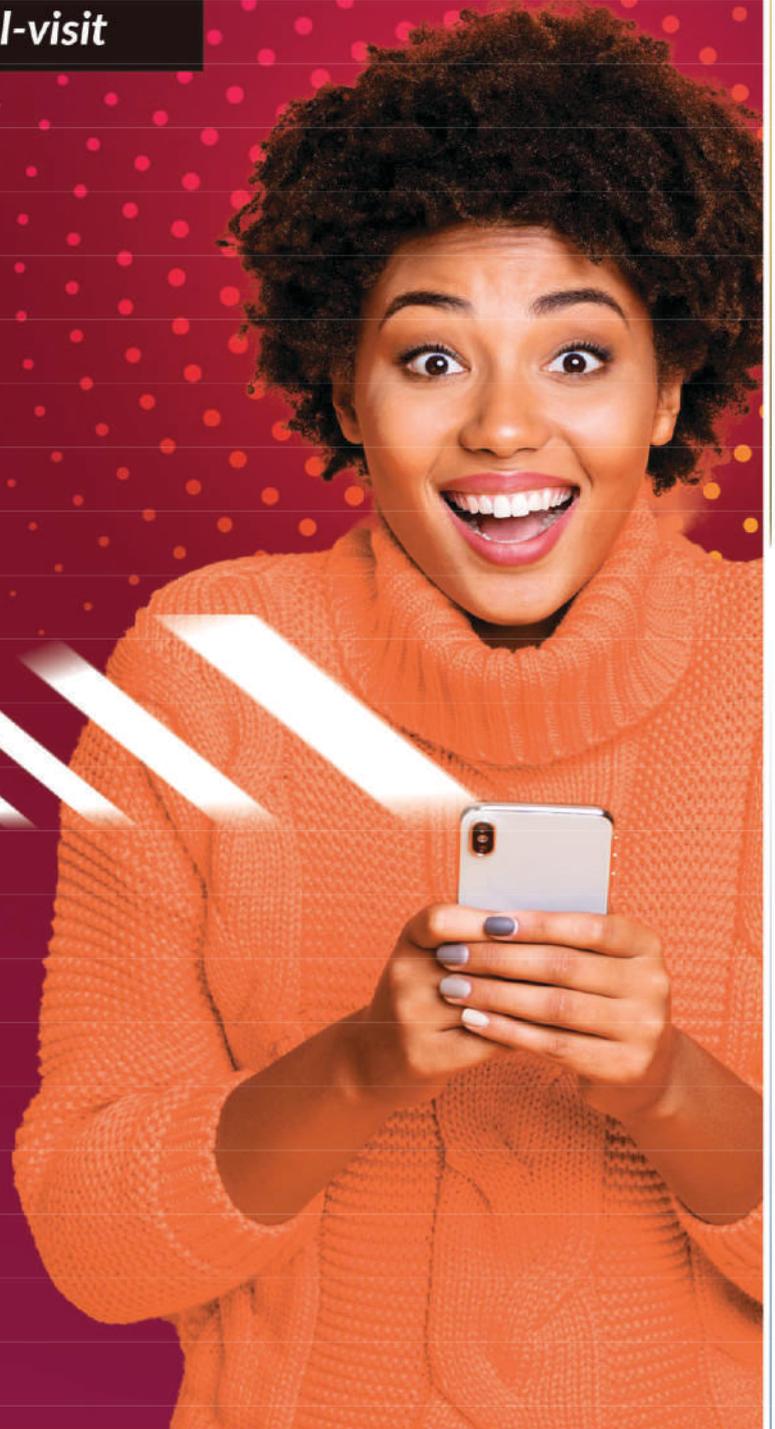


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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Berger Paints Nigeria Plc

Report on the Audit of the Financial Statements**Opinion**

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

- the statement of financial position as at 31 December, 2020;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

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

How the matter was addressed in the audit

Our audit procedures included the following:

- evaluated the design, implementation and operating effectiveness of key controls established within the revenue process;
- obtained a sample of revenue transactions recognised for the year and agreed to invoices and delivery waybills acknowledged by customers;

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Registered in Nigeria No BN 986925

Partners:

Adegoke A. Oyelami	Chibuzor N. Anyanechi	Martins I. Arogie	Olutoyin I. Ogunlowo
Adekunle A. Elebute	Chineme B. Nwigbo	Mohammed M. Adama	Oluwafemi O. Awotoye
Adetola P. Adeyemi	Elijah O. Oladunmoye	Nneka C. Eluma	Oluwatoyin A. Gbagi
Adeiwale K. Ajayi	Goodluck C. Obi	Olabimpe S. Afolabi	Tayo I. Ogunbenro
Ajibola O. Olomola	Ibitomi M. Adepoju	Oladimeji I. Salaudeen	Termitope A. Onitiri
Akinyemi Ashade	Ijeoma T. Emezie-Ezigbo	Olanike I. James	Tolulope A. Odukale
Ayobami L. Salami	Joseph O. Tegbe	Olufemi A. Babem	Victor U. Onyenkpa
Ayodele A. Soyinka	Kabir O. Okunloja	Olumide O. Olayinka	
Ayodele H. Othihiwa	Lawrence C. Amadi	Olusegun A. Sowande	



- assessed the accuracy of a sample of sales returns and rebates by checking them to supporting documentation such as approved credit notes to customers;
- challenged the Company's basis for recognition and measurement of revenue from contract services rendered to customers by recalculating the proportion of cost incurred relative to the total expected cost and;
- checked that for a sample of revenue transactions occurring prior to, and immediately after the year end date, revenue was recognised in the appropriate period;

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

Other Information

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Signed:

Adegoke Oyelami

FRC/2012/ICAN/0000000444

For: KPMG Professional Services
Chartered Accountants

31 March 2021
Lagos, Nigeria



STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

In thousands of naira

	Notes	2020	2019
Assets			
Property, plant and equipment	14(a)	2,757,223	2,823,810
Intangible assets	15	52,578	44,911
Investment property	16	403,020	424,119
Total non-current assets		3,212,821	3,292,840
Inventories	17	702,294	812,048
Trade and other receivables	18(a)	317,381	330,541
Deposit for imports	19	65,836	143,535
Prepayments and advances	20	49,569	61,588
Other financial assets	22	267,372	209,208
Cash and cash equivalents	21	356,599	216,689
Total current assets		1,759,051	1,773,609
Total assets		4,971,872	5,066,449
Equity			
Share capital	23(a)	144,912	144,912
Share premium	23(b)	635,074	635,074
Retained earnings		2,366,986	2,293,414
Total equity		3,146,972	3,073,400
Liabilities			
Loans and borrowings	26	137,428	224,221
Deferred income	25	68,705	71,158
Deferred taxation	11(d)	289,900	231,945
Total non-current liabilities		496,033	527,324
Loans and borrowings	26	149,223	171,114
Current tax liabilities	11(c)	30,836	72,034
Trade and other payables	24	704,369	804,589
Deferred income	25	6,321	10,737
Dividend payable	28	438,118	407,251
Total current liabilities		1,328,867	1,465,725
Total liabilities		1,824,900	1,993,049
Total equity and liabilities		4,971,872	5,066,449

These financial statements were approved by the Board of Directors on 26 March 2021 and signed on its behalf by:



Abi Ayida (FRC/2019/IODN/00000019260)

Chairman



Anjan Sircar (FRC/2020/003/00000020547)

Managing Director

Additionally certified by:



Pheobe Obi (FRC/2020/003/00000022016)

Chief Financial Officer

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



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

In thousands of naira

	Notes	2020	2019
Revenue	5	3,837,582	3,584,804
Cost of sales	9(a)	(2,418,504)	(1,920,480)
Gross profit		1,419,078	1,664,324
Other income	6	47,093	51,015
Selling and distribution expenses	9(a)	(251,302)	(219,016)
Administrative expenses	9(a)	(1,013,724)	(945,283)
Operating profit before credit impairment charges		201,145	551,040
Impairment loss on trade receivables	8	(6,194)	(38,112)
Operating profit		194,951	512,928
Finance income	7	78,848	56,626
Finance costs	7	(61,949)	(17,993)
Net finance income		16,899	38,633
Profit before minimum tax		211,850	551,561
Minimum tax expense	12	(947)	(18,462)
Profit before income tax	8	210,903	533,099
Income tax expense	11(a)	(64,875)	(84,366)
Profit for the year		146,028	448,733
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		146,028	448,733
Earnings per share:			
Basic and diluted earnings per share (kobo)	13	50	155

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



STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

In thousands of naira

	Note	Share Capital	Share Premium	Retained Earnings	Total Equity
Balance at 1 January 2020		144,912	635,074	2,293,414	3,073,400
Comprehensive income for the year					
Profit for the year		-	-	146,028	146,028
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	146,028	146,028
Transactions with owners, recorded directly in equity					
Dividend	28	-	-	(72,456)	(72,456)
Total transactions with owners		-	-	(72,456)	(72,456)
Balance at 31 December 2020		144,912	635,074	2,366,986	3,146,972
Balance at 1 January 2019		144,912	635,074	2,033,066	2,813,052
IFRS transition adjustment (net of tax)				-	-
Adjusted balance at 1 January, 2019		144,912	635,074	2,033,066	2,813,052
Comprehensive income for the year					
Profit for the year		-	-	448,733	448,733
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	448,733	448,733
Transactions with owners, recorded directly in equity					
Dividend	28	-	-	(188,385)	(188,385)
Total transactions with owners		-	-	(188,385)	(188,385)
Balance at 31 December 2019		144,912	635,074	2,293,414	3,073,400

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



STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

In thousands of naira

	Note	2020	2019
Cash flows from operating activities			
Profit for the year		146,028	448,733
Adjustments for:			
- Depreciation	9(b)	243,372	143,385
- Amortisation	15	7,708	20,857
- Finance income	7	(78,848)	(56,626)
- Finance cost	7	61,949	17,993
- Gain on sale of property, plant and equipment	8	(5,085)	(824)
- Minimum tax expense	12	947	18,462
- Taxation	11(a)	64,875	84,366
		440,946	676,347
<i>Changes in:</i>			
- Inventories		109,754	(205,336)
- Trade and other receivables	18(c)	13,160	(139,544)
- Deposit for imports		77,699	(8,760)
- Prepayments and advances	20(a)	(5,287)	21,970
- Trade and other payables	24(c)	(100,220)	58,714
- Deferred income		(6,869)	(7,100)
		529,183	396,290
Cash generated from operating activities			
WHT credit recovered	11(c)	-	45,370
WHT credit notes utilised	11(c)	(15,573)	(105,231)
Tax paid	11(c)	(16,186)	(48,793)
Interest paid	26(b)	(42,812)	(41,149)
		454,612	246,487
Net cash generated from operating activities			
Cash flows from investing activities			
Purchase of property plant and equipment	14(h)	(111,611)	(256,950)
Purchase of intangible assets	15	(15,375)	(3,845)
Proceeds from sale of property, plant and equipment		5,085	2,957
Interest income on bank deposits	7	1,074	2,781
Additions to investment in financial assets	22	(42,840)	(62,943)
		(163,667)	(318,000)
Net cash used in investing activities			
Cash flows from financing activities			
Repayment of Principal of Loan and Borrowings	26(b)	(109,445)	(97,195)
Dividend paid	28	(41,589)	(133,467)
		(151,034)	(230,662)
Net cash used in financing activities			
Net increase/ (Decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 January		216,689	518,864
Cash and cash equivalents at 31 December	21	356,599	216,689

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

1 Reporting Entity

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

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

2 Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011. The 2020 financial statements were authorised for issue by the Board of Directors on 26 March, 2021.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:-Non-derivative financial instruments initially measured at fair value and subsequently measured at amortised cost.

- Inventories: Lower of cost and net realisable value.

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgment

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

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

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

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

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

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

(e) Measurement of fair values

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

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

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

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

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

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

(f) Change in accounting estimate

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

3 Significant Accounting Policies

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

A.	Foreign currency transactions	69	O.	Taxation	80
B.	Financial instruments	70	P.	Earnings per share	81
C.	Capital and other reserves	73	Q.	Leases	82
D.	Property, plant and equipment	73	R.	Statement of cashflows	83
E.	Intangible assets	74	S.	Operating segment	83
F.	Investment property	75	T.	Dividends	83
G.	Impairment	76	U.	Prepayments and advances	84
H.	Contingent liabilities and contingent assets	77	V.	Deposit for imports	84
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J.	Employee benefits	78	X.	Related parties	84
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A. Foreign currency transactions

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

B. Financial instruments

i. Recognition and initial measurement

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

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

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

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Business model assessment:

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

Financial assets- Subsequent measurement and gains and losses

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

Financial liabilities- Classification, subsequent measurement and gains and losses

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

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

(iv) Derecognition and offsetting

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

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

C. Capital and other reserves

i. Share capital

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

ii. Share premium

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

iii. Retained earnings

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

D. Property, plant and equipment

i. Recognition and measurement

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

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

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

ii. Subsequent cost

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

iii. Derecognition

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

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

iv. Depreciation

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

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

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

	2020	2019
• Leasehold land	Unlimited	Unlimited
• Buildings	20 years	20 years
• Plants and machinery		
- Fixed plant	12- 40 years	12 years
- Movable plant	7 years	7 years
- Generators	5 years	5 years
• Motor vehicles		
- Trucks	6 years	6 years
- Cars	4 years	4 years
• Furniture and fittings	5 years	8 years
• Computer equipment	5 years	2 years
• Computer Software	5 years	3 years
• Motor vehicles under lease	lease period	lease period

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

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

E. Intangible assets

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

The amortisation expense of tangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when asset is derecognised.

Purchased software are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Amortisation is calculated using the straight-line method over the remaining useful life of the Asset. As disclosed in Note 2(f), the Company revised the useful life of Computer software from 3 years to 5 years.

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

Internally generated intangible assets

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

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

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

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

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

F. Investment property

i. Recognition and measurement

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

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

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

ii. Subsequent expenditure

The cost of replacing a part of an item of investment property is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

derecognised. The costs of the day-to-day servicing of investment property are recognised in profit or loss as incurred.

iii. Depreciation

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

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

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

• Buildings	–	20 years
• Leasehold land	–	Unlimited

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

iv. Transfers

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

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

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

G. Impairment

Non-derivative financial assets

i. Financial instrument

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The Company considers a financial asset to be in default when:- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or- the financial asset is more than 60 days past due.

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date. For cash and cash equivalent and other financial assets the Company applies a general approach in calculating the ECLs. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

ii Measurement of ECLs

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

iii Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer; a breach of contract such as a default or being more than 60 days past due; the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

iv Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

v Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

H. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

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

I. Provisions

A provision is recognised, if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

J. Employee benefits

i. Defined contribution plan

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

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for all employees. The Company and its employees contribute a minimum of 10% and 8% of the employees annual basic salary, housing and transport allowances respectively to the scheme. Employee contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to profit and loss. On 1 January 2016, the Company increased the employer contributions to the scheme to 15% of employee's annual basic salary, housing and transport allowances.

ii. Short-term employee benefits

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

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

iii. Termination benefits

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

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

K. Inventories

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

Raw materials, non-returnable packaging – purchase cost on a weighted average basis including



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

materials and consumable spare parts
 Finished products and products-in-process – transportation and applicable clearing charges.
 – weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.

Goods in transit – Purchase cost incurred to date

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

L. Revenue by nature

(I) Revenue from contract with customers

a Sale of paints and allied products

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

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

b Contract services - supply and apply services contract

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

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. Revenue is recognized overtime on basis of the Company's cost incurred relative to the total expected cost for the satisfaction of the performance obligation. The related cost are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities and presented as part of trade and other payables. Unbilled receivables for services rendered are included as contract assets and presented as part of trade and other receivables.

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

(ii) Investment property rental income

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

M. Finance income and finance costs

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

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

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

N. Government grant

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

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

O. Taxation **Income tax**

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

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Company Income Tax is computed on taxable profits; Tertiary Education Tax is computed on assessable profits while the Nigeria Police Trust Fund is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Company during the year). Income tax liabilities are presented in the statement of financial position net of withholding taxes.

(b) Deferred tax

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

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

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

- (a) has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(c) Minimum tax expense

The Company is subject to the Finance Act 2020 which amended the Company Income Tax Act (CITA). Total amount of tax payable under the Finance Act is determined based on the higher of two components; Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on 0.25% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The liability is recognised under current tax liabilities in the statement of financial position

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

P. Earnings per share

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

Q. Leases

i. As a lessee

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

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

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

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the 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 the Company is reasonably certain not to terminate early.

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

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

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

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

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

ii. As a lessor

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

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

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

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

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

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

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

R. Statement of cashflows

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

S. Operating Segment

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

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

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

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

T. Dividends

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

U. Prepayments and advances

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

V. Deposit for imports

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

W. Investment in subsidiary

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

X. Related parties

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

Related parties transactions of similar nature are disclosed in aggregate except where separate disclosure is necessary for understanding of the effects of the related party transactions on the financial statements of the entity.

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

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2020 and have not been adopted in preparing these financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Company are set out below. Earlier adoption is permitted; however, the Company has not early adopted the new or amended standard in preparing the financial statement.- Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37).- COVID-19-Related Rent Concessions (Amendments to IFRS 16).- Property, Plant and Equipment: Proceeds before Intended Use (Amendments- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

Z. Standards, Interpretations effective from 1 January 2020

There are new issued accounting standards, amendment to standards and interpretations that are effective first beginning 1 January 2020. The Directors have considered the following amended standards and interpretations and that they are not expected to have a significant impact on the Company's financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)

4 Changes in Significant Accounting Policies

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements. The Company has adopted the above new amendments to IFRS Standards and Interpretations but these standards do not have a material effect on the Company's financial statements.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

5 Revenue

(a) Revenue stream for the period comprises:

<i>In thousands of naira</i>	Recognition policy	2020	2019
(i) Revenue from contract with customers			
- Sale of paints and allied products*	At a point in time	3,630,790	3,382,411
- Contract services	Over time	203,673	172,695
(ii) Revenue from leases of investment property		3,119	29,698
		3,837,582	3,584,804

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

<i>In thousands of naira</i>	2020	2019
Revenue (net of value added tax)	4,331,194	4,040,929
Discounts and rebates	(700,404)	(658,518)
	3,630,790	3,382,411

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

(b) Contract balances

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

<i>In thousands of naira</i>	2020	2019
Billed receivables in respect of sales of paints and allied products	273,463	229,415
Unbilled receivables in respect of contract services	5,733	46,808
Trade receivables(Note 18(a))	279,196	276,223

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

The revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was nil (2019: ₦3.16million).

6 Other income

Other income comprises:

<i>In thousands of naira</i>	2020	2019
Sale of Scrap	6,821	6,411
Income on property leases*	30,875	37,441
Profit from disposal of property, plant and equipment	5,085	824
Income from enrolment of new distributors	4,312	6,339
	47,093	51,015

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

7 Finance income and finance cost

Recognised in profit or loss:

In thousands of naira

	2020	2019
Interest income on bank deposits	1,074	2,781
Interest income on other financial assets	15,324	17,052
Foreign currency exchange gain	-	15
Net gain on financial liabilities measured at amortised costs	62,450	36,778
Total finance income	78,848	56,626
Interest expense on lease liabilities	(23,464)	(8,209)
Interest expense on financial liabilities measured at amortised costs.	(38,485)	(9,784)
Total finance cost	(61,949)	(17,993)
Net finance income recognised in profit or loss	16,899	38,633

8 Profit before income tax

Profit before tax is stated after charging/(crediting):

In thousands of naira

	Note	2020	2019
Directors' emoluments	9(a)	56,941	54,084
Depreciation	9(b)	243,374	143,385
Amortisation	15	7,708	20,857
Personnel expenses	10(a)	718,128	610,073
Auditors' remuneration	9(a)	18,000	20,125
Impairment loss on trade receivables	18(b)	6,194	38,112
Minimum tax	12	947	18,462
Profit on disposal of property, plant and equipment	6	5,085	824



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

9 (a) Expenses

(i) Analysis of expenses by nature

<i>In thousands of naira</i>	Note	2020	2019
Directors emoluments	10(d)	56,941	54,084
Personnel expenses	10(a)	718,128	610,073
Training expenses		6,634	12,580
Repairs and maintenance		95,099	80,153
Office and corporate expenses		37,641	53,292
License and permits		21,597	24,153
Utilities		49,810	42,903
Insurance		10,622	9,305
Travel, transport and accommodation		103,793	91,097
Rent, rate and levies		14,021	6,767
Subscriptions and donations		3,859	5,672
Depreciation	9(b)	243,374	143,385
Amortisation	15	7,708	20,857
Printing and stationery		7,503	7,287
Legal and professional services fees		92,756	81,454
Auditors' remuneration		18,000	20,125
Other receivables written off		-	6,456
Bank charges		6,535	5,063
Advertisement and publicity expenses		93,031	90,427
Distribution expenses		158,271	128,588
Raw materials and consumables		1,842,973	1,495,910
Contract services expenses		95,234	95,147
		3,683,530	3,084,779
<i>In thousands of naira</i>	Note	2020	2019
Summarised as follows:			
(ii) Cost of sales		2,418,504	1,920,480
Selling and distribution expenses		251,302	219,016
Administrative expenses		1,013,724	945,283
Total cost		3,683,530	3,084,779

(b) Depreciation

<i>In thousands of naira</i>	Note	2020	2019
Depreciation charged for the year comprises:			
Depreciation of property, plant and equipment	14	222,273	122,234
Depreciation of investment property	16	21,099	21,151
Total depreciation		243,372	143,385

10 Personnel expenses

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

<i>In thousands of naira</i>	2020	2019
Salaries, wages and allowances	671,933	572,834
Employer contribution to compulsory pension fund scheme	46,195	37,239
	718,128	610,073

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

				2020	2019
				Number	Number
	₦		₦		
	500,001	-	1,000,000	7	13
	1,000,001	-	1,500,001	21	89
	1,500,001	-	2,000,001	56	37
	2,000,001	-	3,000,001	32	24
	3,000,001	and	above	37	16
	Total			153	179

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

	2020	2019
	Number	Number
Production	23	38
Sales and marketing	53	53
Finance	8	9
Administration	14	15
Maintenance	8	10
Corporate	6	6
Procurement	3	4
Distribution	16	21
Information Technology (IT)/CSR	7	6
Technical & Compliance	9	10
Raw materials	6	7
Total	153	179

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

<i>In thousands of naira</i>	2020	2019
Fees paid to non-executive directors	56,941	54,084
	56,941	54,084

The directors' remuneration shown above includes:

<i>In thousands of naira</i>	2020	2019
Chairman	6,716	6,994

Other directors received emoluments in the following ranges:

				2020	2019
				Number	Number
	₦		₦		
	250,001	-	1,000,000	-	1
	1,000,001	-	3,000,000	-	-
	3,000,001	-	5,000,000	-	1
	5,000,001	-	8,000,000	7	5
	Total			7	7



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

11 Taxation

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

<i>In thousands of naira</i>	2020	2019
Current tax expense:		
Company income tax	-	-
Nigeria Police Trust Fund Levy (NPTF)	10	26
Tertiary education tax	6,910	13,940
	6,920	13,966
WHT credit recovered	-	(45,370)
Charge/(credit) for the year	6,920	(31,404)
Deferred tax expense:		
Origination and reversal of temporary differences (Note 11(e))	57,955	115,770
Income tax expense	64,875	84,366

- (b) Reconciliation of effective tax rate:

<i>In thousands of naira</i>	%	2020	%	2019
Profit for the year		146,028		448,733
Taxation		64,875		84,366
Profit before taxation		210,903		533,099
Income tax using the Company's domestic rate of 30%	30	63,271	30	159,930
Tertiary education tax @ 2%	2	4,218	2	10,662
Effect of NPTF levy	-	10	-	26
- Non-deductible expenses	1	4,729	2	6,716
- Tax exempt income	(9)	(5,017)	-	(11,769)
- Tax incentives	(1)	(2,414)	(3)	(37,674)
- Net WHT notes recovered	-	-	(1)	(45,370)
- Other tax differences	7	78	0	1,845
Tax expense	30	64,875	30	84,366

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

- i. Current tax liabilities

<i>In thousands of naira</i>	2020	2019
Balance as at 1 January	72,034	193,629
Current year charge	6,920	13,966
Minimum tax charge	947	18,462
Cash payments	(16,186)	(48,793)
WHT credit notes utilised	(15,573)	(105,231)
Balance as at year end (A)	48,141	72,034

- ii. **WHT credit notes**

Balance as at 1 January	-	17,980
WHT credit recovered	-	45,370
Additions	32,879	19,491
Transfer from prepayment and advances (Note 19)	-	22,390
WHT credit notes utilised	(15,573)	(105,231)
Balance as at year end (B)	17,306	-
Total current tax liabilities as at 31 December 2020 (A-B)	30,836	72,034



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

- (d) Movement in deferred taxation
In thousands of naira

	Balance at 1 January	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
31 December 2020					
Property, plant and equipment	307,524	56,127	363,651	-	363,651
Allowance on trade receivable	(50,597)	(1,499)	(52,096)	(52,096)	-
Right of use assets	483	4,184	4,667	-	4,666
Provision for gratuity discontinued	(713)	0	(713)	(713)	-
Provision for slow moving inventories	(24,756)	(852)	(25,608)	(25,608)	-
Unrealised exchange losses/(gain)	4	(5)	(1)	-	(1)
Net tax (assets)/liabilities	231,945	57,955	289,900	(78,418)	368,317
31 December 2019					
Property, plant and equipment	181,636	125,888	307,524	-	307,524
Allowance on trade receivable	(40,138)	(10,459)	(50,597)	(50,597)	-
Right of use assets	-	483	483	-	483
Provision for gratuity discontinued	(811)	98	(713)	(713)	-
Provision for slow moving inventories	(24,446)	(310)	(24,756)	(24,756)	-
Unrealised exchange losses/(gain)	(66)	70	4	-	4
Net tax (assets)/liabilities	116,175	115,770	231,945	(76,067)	308,012

12 Minimum tax

Minimum tax in current year has been computed based on 0.25% of turnover in line with the Finance Act, 2020 and this amounts to ₦0.9 million (2019: ₦18.5 million).

Minimum tax Comprises:

In thousands of naira

	2020	2019
Minimum tax	9,909	18,462
Tax Credit*	(8,962)	-
Minimum tax expenses	947	18,462

* Amount represent tax credit due to change in the Minimum tax rate from 0.5% in prior year to 0.25% in current year.

13 Basic and diluted earnings per share

Basic earnings per share of 50 kobo (31 December 2019: 155 kobo) is based on the profit for the year of ₦146 million (31 December 2019: ₦449 million) and on 289,823,447 (2019: 289,823,447) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year.

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

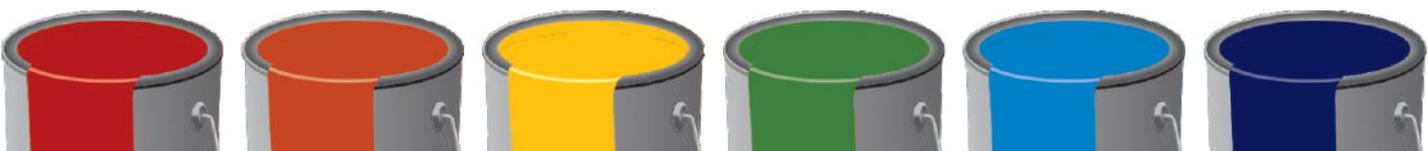
14

Property Plant and equipment

(a) The movement on these accounts was as follows:

In thousands of naira

	Note	Leasehold Land		Plants and Machinery			Furniture and fittings		Motor Vehicles		Computer Equipment		Motor Vehicles under progress		Capital work-in-progress		TOTAL
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Cost																	
Balance at 1 January 2019		390,000	335,825	375,702	38,823	257,350	67,092	-	1,695,293	3,160,085							
Additions		-	11,935	24,323	20,042	4,461	58,898	138,275	308,260	566,194							
Transfer		-	943,774	1,031,641	-	-	-	-	(1,975,415)	-							
Reclassification to intangible assets	15	-	-	-	-	-	-	-	(28,138)	(28,138)							
Disposals/write-off		-	-	(2,550)	-	(21,350)	(473)	-	-	(24,373)							
Balance at 31 December 2019		390,000	1,291,534	1,429,116	58,865	240,461	125,517	138,275	-	3,673,768							
Balance at 1 January 2020		390,000	1,291,534	1,429,116	58,865	240,461	125,517	138,275	-	3,673,768							
Additions		-	12,353	73,073	5,687	13,117	7,381	44,075	-	155,686							
Disposals		-	-	-	-	(19,925)	-	-	-	(19,925)							
Balance at 31 December 2020		390,000	1,303,887	1,502,189	64,552	233,653	132,898	182,350	-	3,809,529							
Accumulated depreciation																	
Balance at 1 January 2019		78,081	219,323	169,064	30,165	208,684	44,647	-	-	749,964							
Charge for the year	9(b)	-	17,203	41,176	4,003	22,385	25,651	11,816	-	122,234							
Disposals		-	-	(720)	-	(21,301)	(219)	-	-	(22,240)							
Balance at 31 December 2019		78,081	236,526	209,520	34,168	209,768	70,079	11,816	-	849,958							
Balance at 1 January 2020		78,081	236,526	209,520	34,168	209,768	70,079	11,816	-	849,958							
Charge for the year 9(b)		-	64,885	79,066	8,209	13,904	18,174	38,035	-	222,273							
Disposals		-	-	-	-	(19,925)	-	-	-	(19,925)							
Balance at 31 December 2020		78,081	301,411	288,586	42,377	203,747	88,253	49,851	-	1,052,306							
Carrying amounts																	
At 31 December 2019		311,919	1,055,008	1,219,596	24,697	30,693	55,438	126,459	-	2,823,810							
At 31 December 2020		311,919	1,002,476	1,213,603	22,175	29,906	44,645	132,499	-	2,757,223							



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

(b) Assets pledged as security

No asset of the Company was pledged as security for loan as at 31 December, 2020 (December 2019: Nil)

(c) Impairment of property, plant and equipment

No impairment loss was recognised for the year (2019: Nil).

(d) Capital commitments

Capital expenditure commitments for the year ended 31 December 2020 authorised by the Board of Directors comprise:

<i>In thousands of naira</i>	2020	2019
Approved but not contracted	387,897	45,716
	387,897	45,716

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

(e) Property, plant and equipment under construction

There are no property, plant and equipment under construction (2019: Nil)

(f) Right of use assets

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

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

(g) Change in accounting estimate

As disclosed in Note 2(f), the Company has reviewed and revised the estimated useful life of items of Property, Plant and Equipment including Plant and Machinery, Motor Vehicles, Computer Equipment, Computer Software and Furnitures and fitting.

<i>In thousands of naira</i>	2020	2021	2022	2023	2024
Decrease in Depreciation of property, plant and equipment	60,435	33,441	23,892	32,630	44,702

(h) Additions in statement of cash flows

<i>In thousands of naira</i>	2020	2019
Additions (Note 14(a))	155,686	566,194
Additions to Right of Use assets (Motor vehicles under lease)	(44,075)	(138,275)
Accrued additions to PPE (Note 24(c))	-	(123,384)
Borrowing cost capitalised	-	(47,585)
	111,611	256,950



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

15 Intangible assets

In thousands of naira

	Note	Computer Software	Intangible assets under development	Total
Cost				
Balance at 1 January 2019		61,590	-	61,590
Additions		3,845	-	3,845
Transfers		-	28,138	28,138
Disposals		-	-	-
Balance at 31 December 2019		65,435	28,138	93,573
Balance at 1 January 2020		93,573	-	93,573
Additions		15,375	-	15,375
Reclassification from property, plant & equipment	14(a)	-	-	-
Balance at 31 December 2020		108,948	-	108,948
Accumulated amortisation				
Balance at 1 January 2019		27,805	-	27,805
Charge for the year	9(a)	20,857	-	20,857
Balance at 31 December 2019		48,662	-	48,662
Balance at 1 January 2020		48,662	-	48,662
Charge for the year	9(a)	7,708	-	7,708
Balance at 31 December 2020		56,370	-	56,370
Carrying amounts				
At 31 December 2019		16,773	28,138	44,912
At 31 December 2020		24,440	28,138	52,578

The Company's intangible assets represent cost of Microsoft Navision ERP applications licence and technical agreement. The Microsoft Navision ERP application was acquired and available for use in September 2017. The cost is amortised to profit or loss over a period of five years. The Company reviewed and revised the useful life of Computer Software from 3 years to 5 years. The change in accounting estimate impacted the amortisation charge in the profit or loss by 9.1 Million over the remaining useful life of the intangible asset.

Intangible assets amortisation charged to profit or loss for the year amounts to ₦7.71 million (2019: ₦20.86million) and is included as part of administrative expenses.

The intangible assets under development represents the cost of internally generated intangible assets in respect of product formulation development for the Company's automated water based paints factory.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

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Investment property

The movement on this account was as follows:

<i>In thousands of naira</i>	2020	2019
Cost		
Balance at 1 January	604,468	604,468
Balance at 31 December	604,468	604,468
Accumulated depreciation		
Balance at 1 January	180,349	159,198
Charge for the year	21,099	21,151
Balance at 31 December	201,448	180,349
Carrying amounts at year ended	403,020	424,119

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

Each of the leases contains an initial non-cancellable period of one (1) year. No contingent rents are charged.

Rental income generated from investment property recognised during the year was ₦3.12 million (2019: ₦29.70 million).

Direct operating expenses (included in repairs and maintenance expenses) arising from investment property that generated rental income during the year was Nil (2019: ₦0.70 million)

Depreciation of ₦21.10 million (31 December 2018: ₦21.15 million) charged on investment property for the year was included in cost of sales

The fair value of the investment property as at year end is ₦2.06 billion (31 December 2019: ₦2.06 billion). The fair value was determined by an external, independent property valuer (Ubosi Eleh and Co.) with Financial Reporting Council of Nigeria (FRC) No: FRC/2015/NIESV/00000003997. The fair value measurement of investment property has been categorised as a Level 2 fair value based on the input to the valuation techniques used. The direct market comparison and depreciated replacement cost method was used in determining the fair value of the investment property.

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Inventories

<i>In thousands of naira</i>	2020	2019
Raw and packaging materials	428,242	475,873
Finished products	306,280	343,525
Product-in-process	10,889	35,151
Consumable spare parts	36,907	24,721
Goods in transit	-	10,140
	782,318	889,410
Impairment allowance	(80,024)	(77,362)
	702,294	812,048

The value of raw and packaging materials, changes in finished products and products in process consumed during the year and recognised in cost of sales amounted to ₦1.82 billion (2019: ₦1.49 billion). In addition, the carrying amount of inventories have been reduced by ₦3.2 million (2019: ₦2.3 million) as a result of the write-down to net realisable value. The write down was recognised as an expense during the year and is included in cost of sales.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

18 Trade and other receivables comprises:

Trade and other receivables comprises:

(a) <i>In thousands of naira</i>	2020	2019
Trade receivables (Note 5(b))	273,463	229,415
Lease receivable	83,688	83,688
Staff debtors	152	3,616
Deposit with Company registrar	101,459	113,433
Contract assets	5,733	46,808
Other receivables (Note 30 (a)(iii))	17,192	11,693
Total trade and other receivables	481,687	488,653
Impairment allowance	(164,306)	(158,112)
Carrying amount as at year ended	317,381	330,541

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

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

<i>In thousands of naira</i>	2020	2019
Balance at 1 January	158,112	120,000
Net impairment loss recognised	6,194	38,112
Balance at 31 December	164,306	158,112

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

<i>In thousands of naira</i>	2020	2019
Movement in trade and other receivables	13,160	(139,559)
Exchange gain	-	15
Changes in trade and other receivables per statement of cash flows	13,160	(139,544)

19 Deposit for imports

The deposit for imports represents amounts deposited with banks to fund letters of credit. These letters of credit are meant to finance the importation of raw materials. The total value of deposit for imports as at 31 December 2020 amounted to ₦65.84 million (2019: ₦143.54 million).

20 Prepayments and advances

Prepayments and advances comprises:

<i>In thousands of naira</i>	2020	2019
Prepaid rent	-	540
Advance payment to suppliers	22,843	49,275
Prepaid insurance and others	26,726	11,773
	49,569	61,588

There were no non-current prepayments and advances made at year-end (2019: Nil)

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

<i>In thousands of naira</i>	2020	2019
Movement in prepayment and advances	12,019	3,990
Movement in WHT credit notes	(17,306)	17,980
Changes in prepayments and advances per statement of cash flows	(5,287)	21,970



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

21

Cash and cash equivalents

Cash and cash equivalents comprises:

<i>In thousands of naira</i>	2020	2019
Cash on hand	216	500
Balance with banks	356,383	216,189
Cash and cash equivalents	356,599	216,689

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

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

22

Other financial assets

This represents unclaimed dividend returned by the Company's registrar and invested in Fixed Deposit.

As at 31 December 2020, the investment is analysed as stated below:

	2020	2019
At 1 January	209,208	129,213
Additions	42,840	62,943
Interest income	15,323	17,052
At 31 December	267,372	209,208

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

23

Capital and reserves

(a) Ordinary shares as at 31 December

<i>In thousands of naira</i>	2020	2019
Authorised 800,000,000 ordinary shares of 50k each	400,000	400,000
Issued and fully paid 289,823,447 ordinary shares of 50k each	144,912	144,912

(b) Share premium

<i>In thousands of naira</i>	2020	2019
At 1 January	635,074	635,074
At 31 December	635,074	635,074

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Trade and other payables

(a) Trade and other payables comprises:

<i>In thousands of naira</i>	2020	2019
Trade payables	285,998	415,750
Customer deposits for paints	146,251	107,623
Statutory payables	133,946	104,284
Related party payables (Note 29 (a))	10,619	29,581
Pension payable (Note (b))	9,382	5,974
Contract liabilities	-	4,495
Accruals	106,061	118,685
Other payables	12,112	18,197
	704,369	804,589

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

(b)	Pension payable		
	<i>In thousands of naira</i>	2020	2019
	Balance at 1 January	5,974	5,334
	Charge for the year	69,243	43,633
	Remittances	(65,835)	(42,993)
	Balance at 31 December	9,382	5,974
(c)	Reconciliation of changes in trade and other payables included in statement of cash flows		
	<i>In thousands of naira</i>	2020	2019
	Movement in trade and other payable	(100,220)	182,098
	Impact of accrued additions to PPE (Note 14(g))	-	(123,384)
	Changes in trade and other payables per statement of cash flows	(100,220)	58,714

25 Deferred income

Deferred income comprises:

	<i>In thousands of naira</i>	2020	2019
	Government grant (note (a))	71,158	73,612
	Lease income received in advance	3,868	8,283
	Deferred income	75,026	81,895
	Non-current	68,705	71,158
	Current	6,321	10,737
		75,026	81,895

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

26 Loans and borrowings

In thousands of naira

31 December 2020

	Non-current liabilities	Current liabilities	Total
Bank of Industry loan	79,984	88,918	168,902
Lease liability (Note 14(f))	57,444	60,305	117,749
	137,428	149,223	286,651

31 December 2019

	Non-current liabilities	Current liabilities	Total
Bank of Industry loan	130,990	78,675	209,665
Development financing arrangement	27,896	32,100	59,996
Lease liability (Note 14(f))	65,335	59,613	124,948
Import finance facility	-	726	726
	224,221	171,114	395,335

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

(a) Terms and repayment schedule

	Currency	Nominal interest rate	Year of maturity	31 December 2020		31 December 2019	
				Face Value	Carrying amount	Face Value	Carrying amount
(i) Bank of Industry loan	NGN	10%	2023	185,623	168,902	301,587	209,665
(ii) Development financing arrangement	NGN	18%	2025	-	101,671	59,996.00	59,996
(iii) Import finance facility	NGN	10% + 90 day LIBOR	2019	-	-	726	726
(iv) Lease liability 1	NGN	18%	2022	85,663	85,202	124,740	124,948
(v) Lease liability 2	NGN	15%	2022	32,547	32,547	-	-
Total interest-bearing loans				303,833	286,651	528,724	395,335

(i) Bank of Industry Loan

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

For the year ended 31 December 2020, net interest expense of ₦38.40 million which accrued on the facility, was charged to Profit or loss (2019: ₦47.56 million was capitalised as borrowing cost).

(ii) Development financing arrangement

The Company engaged the services of Gauge Construction Servicing Limited ("the Contractor") for the construction, development and management of the Berger Paints Plaza based on a Memorandum of Understanding dated 20 March 2012. The consideration for the investment property development financing arrangement and the services provided by the Contractor is 50% of the rental collections in respect of the property, after the deduction of expenses incurred in the management of the property, for a period of 12 years from 1 November 2013 to 31 October 2025. The consideration is deemed to be the full and final settlement of all fees and money due to the contractor in respect of the arrangement. The substance of the transaction over the past 7 years of which the MOU agreement has been operational is to settle on a net basis. Consequently, the contractor does not the right to demand payment and the financial liability has been derecognised.

(iii) Import finance facility

Import finance facility represents outstanding balance on letters of credit facility made available to the Company by Fidelity Bank Plc towards the importation of raw materials and items of property, plant and equipments. It is a rollable facility with initial tenor of 90 days availed at the prevailing commercial interest rate of 10% + LIBOR. The balance at year end is Nil (2019: 0.7 million)

(iv) Lease liability

The lease was provided by Financial Derivatives Company Limited for eighteen (18) motor vehicles, required for replacement of aged sales field force vehicles and part for administrative/operational use. The applicable lease interest rate is 18% per annum, it is repayable in thirty six (36) monthly equal instalments at various dates between September 2019 to August 2022.

During the year, the Company entered into a lease arrangement for the procurement of one (1) motor vehicles for a lease interest rate of 15% per annum, it is repayable in twenty four (24) monthly equal instalments at various dates between May 2020 to May 2022.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

As at 31 December 2020, interest expense and related charges of ₦23.29 million (₦8.21 million) was due on the lease facility and recognised in profit or loss. The total cash outflows in respect of principal and interest lease payments was ₦74.57million (2019: ₦19.8 million) and is included as part of repayment of borrowings in the statement of cashflows. The addition to lease liability is not included as a part of additions to loans and borrowings in the statement of cash flows.

(b) Movement in loans and borrowings

in thousands of naira

	2020	2019
Balance, beginning of year	395,335	366,604
Additions	44,075	138,275
Repayment of principal	(109,445)	(97,195)
Repayment of interest	(42,812)	(41,149)
Net gain on financial liabilities measured at amortised costs	(62,450)	(36,778)
Interest capitalised to property, plant and equipment	-	47,585
Interest accrued in profit or loss	61,949	17,993
Balance, end of the year	286,651	395,335

27 Dividends

The following dividends were declared and paid by the Company;

	Per share (kobo)	2020 N'000	Per share (kobo)	2019 N'000
Declared Dividend	25	72,456	65	188,385

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

28 Dividend payable

The movement in dividend payable is as follows:

In thousands of naira

	2020	2019
At 1 January	407,251	352,333
Declared dividend	72,456	188,385
Payments	(41,589)	(133,467)
At 31 December 2020	438,118	407,251

29 Related Parties

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

A. Transactions with key management personnel

Key management personnel compensation comprised the following:

In thousands of naira

	2020	2019
Short-term benefits	151,828	114,774
Post employment benefits	6,617	4,991
	158,445	119,765



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

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

Related party	Nature of transaction	Transaction values		Balance	
		2020	2019	2020	2019
		N'000	N'000	N'000	N'000
Emychem Limited	Supply of raw materials	73,029	146,708	(10,619)	(26,471)
Clayton Finance Limited	Supply of raw materials	41,207	71,528	-	(3,110)
		114,236	218,236	(10,619)	(29,581)

Emychem Limited

During the year, the Company bought various raw materials from Emychem Limited and also continued with the development product formulation for the new automated water based paint factory of the Company. The Managing Director of Emychem Limited is Mr. Raj Mangtani and is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

Clayton Finance Limited

The Company bought various raw materials from Clayton Finance Limited. The Managing Director of Clayton is Mr. Sanjay Datwani and is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

B. Other related party transactions

The Company incorporated a subsidiary in Ghana, Lewis Berger Ghana Limited, on 23 October 2013. As at 31 December 2020, the subsidiary remained dormant and had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

30 Financial instruments – Fair values and financial risk management

(a) Classification of financial instruments and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. As at 31 December 2020, the Company did not have financial assets and liabilities measured at fair value through other comprehensive income or fair value through profit or loss.

31 December 2020

In thousands of naira

	Amortized Cost	Fair value			Total
		Level 1	Level 2	Level 3	
<i>Financial assets not measured at fair value</i>					
Other financial assets	267,372	-	267,372	-	267,372
Trade and other receivables	317,381	-	317,381	-	317,381
Cash and cash equivalents	356,599	-	356,599	-	356,599
	941,352	-	941,352	-	941,352
<i>Financial liabilities not measured at fair value</i>					
Loans and borrowings	286,651	-	303,833	-	303,833
Trade and other payables*	561,049	-	561,049	-	561,049
Dividend payable	438,118	-	438,118	-	438,118
	1,285,818	-	1,303,000	-	1,303,001



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

31 December 2019

In thousands of naira

	Fair value				Total
	Amortized Cost	Level 1	Level 2	Level 3	
<i>Financial assets not measured at fair value</i>					
Other financial assets	209,208	-	209,208	-	209,208
Trade and other receivables	330,541	-	330,541	-	330,541
Cash and cash equivalents	216,689	-	216,689	-	216,689
	756,438	-	756,438	-	756,438
<i>Financial liabilities not measured at fair value</i>					
Loans and borrowings	395,335	-	528,724	-	528,724
Trade and other payables*	694,331	-	694,331	-	-
Dividend payable	407,251	-	407,251	-	-
	1,496,917	-	1,630,306	-	528,724

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

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

Financial instruments in level 2

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

Specific valuation techniques used to value financial instruments include:

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

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

(b) Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

(i) Risk management framework

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

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

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

(ii) Credit risk

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

Exposure to credit risk

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

In thousands of naira

	2020	2019
Trade and other receivables (See (a) below)	317,381	330,541
Cash and cash equivalents (excluding cash at hand) (See (b) below)	356,383	216,189
Other financial assets (See (b) below)	267,372	209,208
	941,136	755,938

(a) Trade and other receivables

In thousands of naira

	2020	2019
Net trade and lease receivables (See a(i) below)	198,578	201,799
Deposit with company registrar (See a(ii) below)	101,459	113,433
Staff debtors (See a(iii) below)	152	3,616
Other receivables (See a(iii) below)	17,192	11,693
	317,381	330,541

(i) Net trade and lease receivables

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

Concentration of risk

At 31 December 2020, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows;

<i>In thousands of naira</i>	Carrying amount	
	2020	2019
Wholesale customers	70,270	60,211
Retail customers	3,511	20,282
Others (Corporates)	205,415	195,730
Lease receivable	83,688	83,688
	362,884	359,910

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

- Impairment loss on trade receivable arising from contracts for sale of paints	80,618	74,424
- Impairment loss on investment property lease contracts	83,688	83,688
	164,306	158,112
Net trade and lease receivables	198,578	201,798

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

At 31 December 2020, the ageing of trade receivables that were impaired was as follows:

31 December 2020

In thousands of naira

	Credit impaired	Weighted average loss	Gross	Impairment	Net
Past due 1-30 days	Yes	0%	121,388	-	121,388
Past due 31-60 days	Yes	8%	77,651	(6,194)	71,457
Over 61 days due	Yes	100%	74,424	(74,424)	-
			279,196	(80,618)	198,578

31 December 2019

In thousands of naira

	Credit impaired	Weighted average loss	Gross	Impairment	Net
Past due 1-30 days	Yes	0%	89,292	-	89,292
Past due 31-60 days	Yes	25%	87,574	(21,875)	65,699
Over 61 days due	Yes	100%	52,549	(52,549)	-
			276,223	(74,424)	201,799



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

At 31 December 2020, the ageing of lease receivables that were impaired was as follows:

31 December 2020

In thousands of naira

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

31 December 2019

In thousands of naira

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

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

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

In thousands of naira

	2020	2019
Balance as at 1 January	158,112	120,000
Net impairment loss recognised	6,194	38,112
Balance as at 31 December	164,306	158,112

(ii) Deposit with Company Registrar

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

(iii) Staff debtors and other receivables

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

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

The Company held cash and cash equivalents of ₦357 million and other financial asset of ₦267 million as at 31 December 2020 (31 December 2019: ₦216 million and ₦209 million respectively) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks with good



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

external ratings. The Company manages the risk associated with its cash and cash equivalents by selecting banks with strong financial position and history of good performance.

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

(iii) Liquidity risk

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

The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 December 2020, the expected cash flows from trade and other receivables maturing within three months were ₦142.5 million (31 December 2019: ₦136.1 million). This excludes potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk

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

31 December 2020

In thousands of naira

	Contractual cash flows						
	Carrying Amount	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Loans and borrowings (excluding lease liability)	168,902	254,355	57,668	39,337	157,350	-	-
Lease liability	117,749	117,749	29,807	29,807	58,136	-	-
Trade and other payables*	561,049	561,049	561,049	-	-	-	-
Dividend payable	438,118	438,118	438,118	-	-	-	-
	1,285,818	1,371,272	1,086,642	69,144	215,486	-	-

31 December 2019

In thousands of naira

	Contractual cash flows						
	Carrying Amount	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Loans and borrowings	270,387	270,387	57,668	39,337	157,350	16,032	-
Lease liability	124,948	124,948	29,807	29,807	65,335	-	-
Trade and other payables*	694,331	694,331	694,331	-	-	-	-
Dividend payable	407,251	407,251	407,251	-	-	-	-
	1,496,917	1,496,917	1,189,057	69,144	222,684	16,032	-

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

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

(iv) Market risk

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

1. Currency risk

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

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

Exposure to currency risk

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

	31 December 2020			31 December 2019		
	US\$	€	GBP	US\$	€	GBP
Foreign currency included in cash and cash equivalents	142,215	973	356	315,954	361	356
Import finance liability (See Note 26(iii))	-	-	-	-	-	-

The following significant exchange rates were applied;

<i>Naira</i>	Average rate during the year		Year end spot rate	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
US\$ 1	382.05	389.07	400.33	354.07
€ 1	436.24	416.26	491.45	416.26
GBP 1	489.02	469.47	512.42	469.47

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the naira against all other currencies at 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast purchases.

<i>In thousands of Naira</i>	Profit or loss	
	Strengthening	Weakening
31 December 2020		
US\$ (20% movement)	11,387	(11,387)
€ (20% movement)	96	(96)
GBP (20% movement)	36	(36)
31 December 2019		
US\$ (20% movement)	22,374	(22,374)
€ (20% movement)	30	(30)
GBP (20% movement)	33	(33)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

2. Interest rate risk

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

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

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

Fixed rate instruments <i>In thousands of naira</i>	Nominal amount	
	2020	2019
Financial liabilities:		
Short term borrowings	149,223	171,114
Long term borrowing	137,428	224,221
	286,651	395,335

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The Company does not have any variable rate financial assets and liabilities as at 31 December 2020 (2019: Nil).

(c) Capital management

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

<i>In thousands of naira</i>	2020	2019
Total liabilities	1,824,900	1,993,049
Less: Cash and Cash equivalents	(356,599)	(216,689)
Adjusted net debt	1,468,301	1,776,360
Total Equity	3,146,972	3,073,400
Net debt to equity ratio	0.47	0.58

31 Leases

A. Leases as Lessee (IFRS 16)

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

B. Leases as Lessor

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

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

a. Future minimum lease payments

At as 31 December 2020 there are no future minimum lease payments under non cancellable and each of the leases are one year (2019: ₦83 million)

b. Amounts recognised in profit or loss

Investment property lease income recognised for the year is ₦3.12 million (2019: ₦29.69million) and was included in 'Revenue' (see note 5(a)). Depreciation expense on the investment property was included in 'Cost of Sales' (see note 9(b)).

32 Provision of Non Audit Services

The details of non-audit services and the applicable fees paid during the year ended 31 December 2020 were:

	2020 N' million	2019 N' million
i. Tax services	1.01	1.44
ii. Transfer pricing advisory services	0.84	0.84

33 Contingencies

There are no contingent liabilities in respect of litigation and claims for the Company as at 31 December 2020 (2019: ₦6 million).

34 Subsequent events

On 26 March 2021, a dividend of 40 kobo per share was proposed by the directors for approval at the Annual General Meeting. There were no events after the reporting date that could have had a material effect on the consolidated and separate financial statements that have not been provided for or disclosed in these financial statements.

35 Operating segments

a. Basis of segmentation

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different process and marketing strategies. For each of the strategic business units, the Company's Management Committee review internal management reports on a weekly basis. The following summary describes the operations in each of the Company's reportable segments:

Reportable segments

Paints and allied products
Contract revenue
Investment property rental income

Operations

Manufacturing, distribution and selling of paints and allied products
Rendering of painting services
Rentals of trade shops and office spaces

The accounting policies of the reportable segments are described in Note 3(s).

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Company's Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 December 2020

b. Information about reportable segments

In thousands of naira

	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
31 December 2020					
External revenues	3,630,790	203,673	3,119	-	3,837,582
Finance income	-	-	-	16,398	16,398
Finance costs	-	-	-	(23,464)	(23,464)
Depreciation & amortisation	(229,786)	(197)	(21,099)	-	(251,082)
Net impairment loss on trade receivables	-	-	(6,194)	-	(6,194)
Reportable segment profit/(loss) before taxation	134,651	108,439	(24,174)	(7,066)	211,850

	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
31 December 2019					
External revenues	3,382,411	172,695	29,698	-	3,584,804
Finance income	-	-	36,778	19,848	56,626
Finance costs	-	-	(9,784)	(8,209)	(17,993)
Depreciation & amortisation	(141,846)	(1,245)	(21,151)	-	(164,242)
Impairment loss on trade receivables	-	-	(38,112)	-	(38,112)
Reportable segment profit before income taxation	464,945	77,548	(2,571)	11,639	551,561

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (Management Committee) on a regular basis. Therefore, information on segment assets and liabilities has not been presented.

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items

Revenues

There are no significant reconciling items between the reportable segment revenue and revenue for the year.

Profit or loss

In thousands of naira

	2020	2019
Total profit or loss for reportable segments	218,916	539,922
Unallocated finance income	16,398	19,848
Unallocated finance costs	(23,464)	(8,209)
Profit before minimum taxation	211,850	551,561

Other material items

There are no significant reconciling items between other material items for the reportable segments and Company total.

Major customer

Revenue from one customer does not represent up to 10% of the Company's total revenue. Therefore, information on major customers is not presented.



**OTHER
NATIONAL
DISCLOSURES**

VALUE ADDED STATEMENT

For the year ended 31 December 2020

In thousands of naira

	2020	%	2019	%
Sales (note 5)	3,837,582		3,584,804	
Finance Income (note 7)	78,848		56,626	
Other income (note 6)	47,093		51,015	
	3,963,523		3,692,445	
Bought in materials and services				
- Imported	(403,458)		(403,458)	
- Local	(2,317,058)		(1,967,060)	
Value added	1,243,007	100	1,321,927	100
Distribution of value added				
To Employees:				
Personnel expenses	718,128	58	588,131	44
To Providers of Finance:				
Interest on loans (note 7)	61,949	5	17,993	1
To Government:				
Taxation (note 11(a))	64,875	5	84,366	6
Minimum tax (note 12)	947	-	18,462	1
Retained in the business as:				
Depreciation (note 9(b))	243,372	20	143,385	11
Amortisation (note 15)	7,708	1	20,857	2
To augment reserve	146,028	12	448,733	34
	1,243,007	100	1,321,927	100

Value added is wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the creation of future wealth.



FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2020

In thousands of naira

Funds employed

	2020	2019	2018	2017	2016
Share capital	144,912	144,912	144,912	144,912	144,912
Share premium	635,074	635,074	635,074	635,074	635,074
Fair value reserve	-	-	-	-	64,400
Retained earnings	2,366,986	2,293,414	2,033,066	1,861,159	1,759,795
Shareholder's fund	3,146,972	3,073,400	2,813,052	2,641,145	2,604,181

Current liabilities	1,328,867	1,465,725	1,285,038	1,080,532	1,306,347
Non-current liabilities	496,033	527,324	437,209	589,747	191,737

	4,971,872	5,066,449	4,535,299	4,311,424	4,102,265
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Assets employed

Non current assets	3,212,821	3,292,840	2,889,175	2,729,446	2,541,572
Current assets	1,759,051	1,773,609	1,646,124	1,581,978	1,560,693

	4,971,872	5,066,449	4,535,299	4,311,424	4,102,265
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In thousands of naira

	2020	2019	2018	2017	2016
Revenue	3,837,582	3,584,804	3,377,223	3,012,648	2,602,824
Profit before minimum tax	211,850	551,561	454,328	339,456	271,770
Profit before tax	210,903	533,099	454,328	339,456	271,770
Profit for the year	146,028	448,733	320,509	246,276	224,007
Other comprehensive income, net of tax	-	-	-	18,974	10,212
Declared dividend	72,456	188,385	144,912	144,912	217,368

Per 50k share data:

Basic and diluted earnings per share (kobo)	50	155	111	85	77
Declared dividend per share (kobo)	25	65	50	50	75
Net assets per share (kobo)	11	11	10	9	9



SHAREHOLDERS' INFORMATION

SUBSTANTIAL INTEREST IN SHARES

1. The Registrars have confirmed that according to the Register of Members, the following shareholders held 5% and above of the issued share capital of the Company as at 31st December, 2020

SN	Member	Holding	%
1	ALEMAJE AND COMPANY LIMITED	16,315,506	5.63
2	CAB (OVERSEAS HOLDINGS) LIMITED	16,315,506	5.63
3	HARMONY TRUST & INV CO. LTD	17,774,943	6.13
4	JUREWA INVESTMENTS LTD	16,685,111	5.76
5	MIKEADE INVESTMENTS CO.LTD	19,235,473	6.64
	Total	86,326,539	29.79

2. Active Shareholding Analysis as at 31st December, 2020

RANGE			HOLDERS	HOLDERS %	UNITS	UNITS %
1	-	1,000	14,980	42.49	6,990,669	2.41
1,001	-	5,000	16,159	45.84	31,050,767	10.71
5,001	-	10,000	2,148	6.09	15,061,877	5.20
10,001	-	50,000	1,566	4.44	30,746,300	10.61
50,001	-	100,000	203	0.58	14,414,301	4.97
100,001	-	500,000	154	0.44	31,716,962	10.94
500,001	-	1,000,000	21	0.06	15,000,302	5.18
1,000,001	-	5,000,000	13	0.04	24,782,903	8.55
10,000,001	-	ABOVE	8	0.02	120,060,366	41.43
	-		35,252	100.00	289,824,447	100.00



SHAREHOLDERS' INFORMATION (CONT'D)

DIVIDEND HISTORY

Members are hereby informed that Berger Paints Nigeria Plc. declared the following dividends between 1995 and 2020.

Payment No.	Type	Date Declared
22	FINAL	6/7/1995
23	FINAL	6/4/1996
24	FINAL	6/3/1997
25	FINAL	6/2/1998
26	FINAL	6/1/1999
27	FINAL	6/6/2000
28	FINAL	6/5/2001
29	FINAL	6/4/2002
30	FINAL	6/3/2003
31	FINAL	6/2/2004
32	FINAL	6/8/2005
33	FINAL	6/16/2009
34	FINAL	6/8/2010
35	FINAL	6/30/2011
36	FINAL	7/3/2012
37	FINAL	5/14/2013
38	FINAL	7/22/2014
39	FINAL	7/21/2015
40	FINAL	6/9/2016
41	FINAL	5/18/2017
42	FINAL	7/6/2018
43	FINAL	5/24/2019
44	FINAL	6/24/2020

UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Notice is hereby given to our shareholders that some dividends have remained unclaimed as the registrars' records indicate. Many share certificates have also been returned as unclaimed because the addresses on them could not be traced or the shareholders had changed their addresses without informing the registrars.

The affected shareholders are requested to contact Meristem Registrars, who have informed us that they are e-dividend payment ready. Shareholders are kindly requested to take advantage of this to reduce the unclaimed dividend problems and in accordance with the directive from the Securities and Exchange Commission.

For more information please contact:

Meristem Registrars Limited,
213, Herbert Macaulay Way,
Adekunle Yaba, Lagos.

P.O. Box 51585, Ikoyi, Lagos.

Phone: 01-8920491-2, 0700MERIREG

Email: info@meristemregistrars.com

Website: www.meristemregistrars.com



SHAREHOLDERS' INFORMATION (CONT'D)

SCHEDULE OF UNCLAIMED DIVIDEND

S/N	Dividend Payment No	Date Declared	Payment Date	Type	Amount Declared (₦)	Dividend Per Share (₦)	Unclaimed Dividend (₦)
1	33	6/17/2009	6/17/2009	FINAL	65,210,275.50	30K	8,950,900.10
2	34	6/9/2010	6/9/2010	FINAL	108,683,792.50	50K	16,381,676.77
3	35	7/4/2011	7/4/2011	FINAL	152,157,309.50	70K	39,801,312.97
4	36	7/4/2012	7/4/2012	FINAL	152,157,309.50	70K	25,162,076.93
5	37	5/21/2013	5/21/2013	FINAL	152,157,309.50	70K	36,258,434.28
6	38	7/22/2014	7/22/2014	FINAL	202,876,512.90	70K	29,521,930.11
7	39	7/21/2015	7/23/2015	FINAL	217,367,585.25	75K	32,452,830.08
8	40	6/9/2016	6/13/2016	FINAL	217,367,585.25	75K	37,845,366.89
9	41	5/18/2017	5/23/2017	FINAL	144,911,773.50	50K	27,332,364.90
10	42	7/6/2018	6/8/2018	FINAL	144,911,723.50	50K	38,476,936.56
11	43	5/24/2019	5/24/2019	FINAL	188,385,240.55	65K	49,770,186.90
12	44	6/24/2020	6/25/2020	FINAL	72,455,861.75	25K	30,865,995.20

SHARE CAPITALIZATION HISTORY

Date	Authorised Shares		Issued and Fully Paid Shares		Consideration
	Value (₦)	Shares	Value (₦)	Share	
1/9/1959	500,000	500,000	*****	*****	Initial share capital
4/27/1961	500,000	500,000	50,000	50,000	Goodwill
2/10/1962	500,000	500,000	437,514	427,514	cash
6/27/1972	1,600,000	3,200,000	427,514	875,028	Increase in authorised share capital
8/1/1972	1,600,000	3,200,000	531,514	1,063,028	Asset purchased
12/21/1972	1,600,000	3,200,000	863,704	1,727,408	Bonus (2:3)
5/25/1976	6,000,000	12,000,000	863,704	1,727,408	Increase in authorised share capital
5/27/1980	7,200,000	14,400,000	7,200,000	14,400,000	Bonus (1:2)
6/12/1986	10,800,000	21,600,000	10,800,000	21,600,000	Bonus (1:2)
5/30/1989	16,200,000	32,400,000	16,200,000	32,400,000	Bonus (1:2)
5/29/1990	21,600,000	43,200,000	21,600,000	43,200,000	Cash
5/27/1992	58,200,000	116,400,000	36,600,000	73,200,000	cash
5/7/1995	76,500,000	153,000,000	54,900,000	109,800,000	Bonus (1:2)
6/1/1999	109,800,000	219,600,000	94,382,467	188,764,934	Rights Issue (1:3)
6/1/1999	109,800,000	219,600,000	94,382,467	188,764,934	Public Offer
6/5/2001	109,800,000	219,600,000	108,683,793	217,367,585	Bonus (1:7)
6/1/2004	160,000,000	320,000,000	108,683,793	217,367,585	Increase in authorised share capital
7/8/2008	400,000,000	800,000,000	108,683,793	217,367,585	Increase in authorised share capital
11/18/2013	400,000,000	800,000,000	144,911,724	289,823,447	Rights Issue (1:3)



SHAREHOLDERS' INFORMATION (CONT'D)

Consolidation Of Accounts

Dear Shareholders:

Records with our Registrars and as revealed by the Register of Members show that some members have more than one accounts in their names. This situation may have arisen as a result of multiple applications made during new issues or as a result of purchases made through the Stock Market. Servicing these accounts is a huge administrative problem resulting in avoidable costs e.g. postages, maintenance, issuance of certificates, etc. These ultimately have an impact on the profit of your Company.

The Company appeals to you to make efforts to consolidate your multiple accounts, more especially to facilitate the operations and to save the Company costs. We ask for your co-operation in this respect. Please complete the Consolidation Request Form below and send it to the Registrars, Meristem Registrars Limited.

Kindly state in your request for consolidation the names/addresses of those persons you bought shares for during any public offers by the Company and at the secondary market besides yourself i.e. your children, grandchildren, etc. Certificates should not be forwarded.

Tear off from here

CONSOLIDATION OF ACCOUNTS FORMS

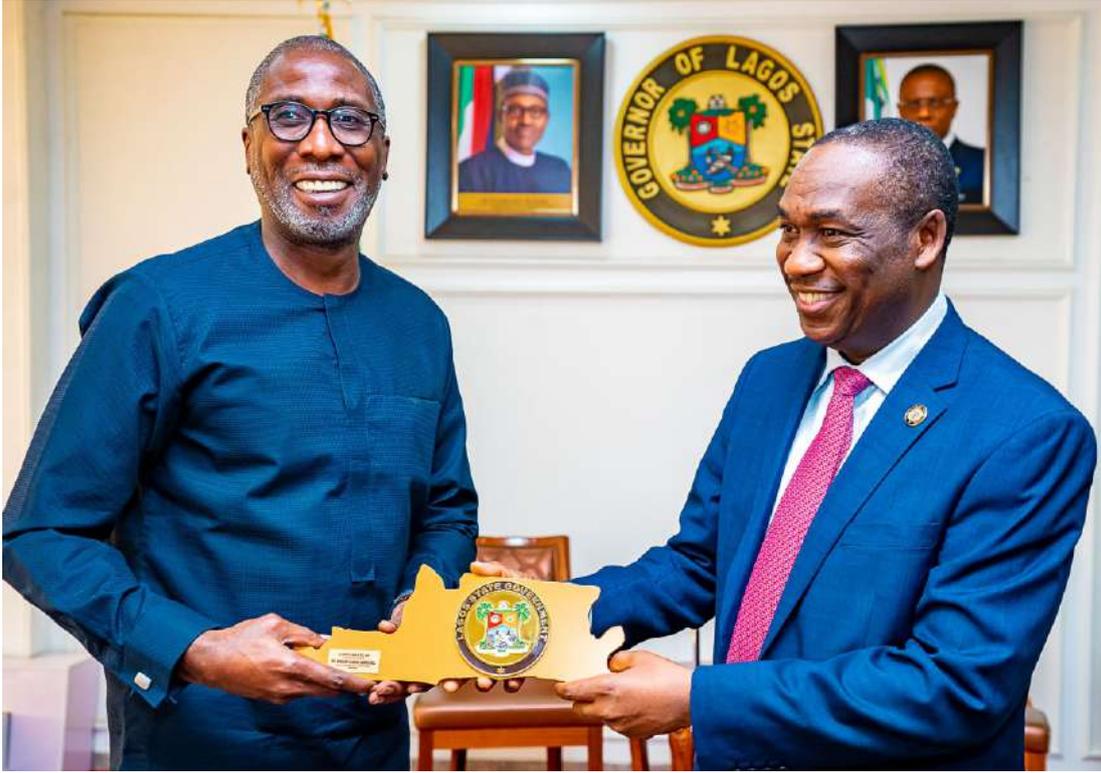
S/N	Name	Address	Units of Shares	Cert. No.	A/C No.	Date Issued
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Shareholder's Signature: _____ **Date:** _____

Affix Postage Stamp _____



CSR /CORPORATE EVENTS DURING THE YEAR



The Deputy Governor of Lagos State, Dr. Obafemi Hamzat on behalf of the Lagos State Governor, presenting the Lagos State Government's memento to the BPN chairman, Mr Abi Ayida during the Berger Paints Nigeria Plc Courtesy Visit in January 2020



BPN Group photograph with the Lagos State Government's Executive Council during the Courtesy Visit to the Lagos State Governor's office in January 2020



CSR /CORPORATE EVENTS DURING THE YEAR (CONT'D)



The Executive of Nigerian Institute of Building Breakfast meeting with BPN Management, February 2020



Berger Paints Nigeria Plc donation towards the building of Covid-19 Isolation Centres, Onikan Stadium in March 2020



BERGER BUSINESS PARTNERS

SN	Location	Name	Address	Phone
1.	Aba	Agba Akin Enterprise	88/90 Aba Owerri Road, Abia State	08037217402
2.	Abeokuta	Tomitz Integrated Service Ltd	Laffro House, beside Hassan Furniture, Moshood Abiola Way, Abeokuta, Ogun State.	08077423937, 08158867617
3.	Abuja 1	Khafadez Resources Ltd.	6, Alexandria Crescent, Wuse II, Beside Berger Plaza, F.C.T. Abuja	07031720041
4.	Abuja 2	Khafadez Resources Ltd.	Shop 7, Opposute Lorry Park, Deidei, building materials, Abuja FCT	07031779332, 07031720041
5.	Abuja 3 - Garki	Luvi Nig. Ltd.	Samuel Iadoke Akintola Street, POWA Plaza by old CBN, Garki 2, Abuja	09062099920
6.	Abuja 4 - Maitama	Levitikal Ltd	33, Gana Street, Maitama	08055555678, 08035173983
7.	Abuja 5 - Gwarinpa	Opa Global Ltd	Anafara Plaza, first avenue, opposite Oando filling Station, Gwarinpa Estate, Abuja	08080058308, 09062523810
8.	Agbor	De-Ama Ventures	Imafidonia Plaza, 203 Old Lagos-Asaba Road by Owa-Ekei junction, Boji-Boji, Owa Agbor, Delta State.	09031611023, 09026636900
9.	Akure	FFB Ventures Ltd	102, Oyemekun Rd, opposite Oyemekun Grammar School Akure	07031720051, 08063194161
10.	Asaba	De Ama Ventures	No. 379, Nnebisi Road, Asaba, Delta State	09062099917
11.	Bauchi	Gimex Ltd	Shop 40 & 41 Powa Shopping Complex Along Dass road, Yewa, Bauchi, Bauchi State.	07057311237, 08037324100
12.	Benin	Tesan Technical	27, Murtala Mohammed Way, Benin City, Edo State	08035030263
13.	Calabar	Great AJFC Nig. Ltd.	14, Murtala Mohammed Way, Calabar	08033061825, 07031720042, 08055349686, 08055554820
14.	Calabar 2	Great AJFC Nig. Ltd.	Plot 214, First Avenue, State Housing Estate, Calabar	08033061825, 07031720042, 08055349686, 08055554820
15.	Ekiti	Fomkab Ventures	11 Federal Housing Estate, Along Afao Road, Ado Ekiti	08068873214
16.	Enugu	Synopsis Global Network Ltd.	No. 33, Abakaliki Road, GRA, Enugu	09062099919
17.	Ibadan 1	Arigbamu Ogo Oluwa	1, Azeez Aina Street, Off Ring Road, Ibadan, Oyo State	07031720043



BERGER BUSINESS PARTNERS (CONT'D)

SN	Location	Name	Address	Phone
18.	Ibadan 2	Arigbamu Ogo Oluwa	Inside Debistol Oil, Olopomeji Bus Stop, Opposite Wetlands Hotel, Akobo, Ibadan, Oyo State	07031720043
19.	Ibadan 3	Arigbamu Ogo Oluwa	Plot 3, Ajokaka, ElebuMarket Road, Elebu, Ibadan	07031720043
20.	Ilorin	Everstplus Limited	No 4, Ifelodun Street, Off Asa Dam Road, Offa Garage, Ilorin	07031720077
21.	Jos	Splendid TSY Nig. Ltd.	1A, Constitution Hill Road, Opposite Pirelli Tyres, Jos, Plateau State	07031720046
22.	Kaduna	De-Joescon Enterprise	1440, Kachia Road, Kaduna, Kaduna State	07031720045
23.	Kano	Aikawa General Merchants	4, Ajasa Street, Off Civic Centre Road, Kano State	08131758058
24.	Kano 2	Aikawa General Merchants	No 19, Murtala Mohammed Way, Kano State	08131758058
25.	Lagos 1 - Ikeja	Sowerscreed Ventures	102, Oba Akran Avenue, Ikeja Industrial Estate	08033030157
26.	Lagos 2 - Lekki/Ajah	Spinetti Multiservice GlobalCo. Ltd	KM 16, Lekki Epe Expressway Osapa London (Beside Skye Bank)	08096555115
27.	Lagos 3 - Ibeju/Epe	Ladii Ventures	KM 30, Lagos Epe Expressway Casia Estate, Abijo GRA	08172452822 , 07031779324
28.	Lagos 4 - Lagos /Ibadan Express	Moyinson Ltd	Berger Place, Along Lagos-Ibadan Express Way, beside Lagos State Accident & Emergency Office	07031343157
29.	Lagos 5 - Ikorodu	Forty40 Intl. Ltd.	No. 16, TOS Benson Road, Ebute Ikorodu, Lagos	09062099918, 08069813232
30.	Lagos 6 - Allen	Sowerscreed Ventures	91 Allen Avenue, Ikeja Lagos	08033030157
31.	Lagos 7 - Festac	Sowerscreed Ventures	Plot 3,Block 18b Amuwo Odofin by Apple Junction, Lagos	08033030157
32.	Lagos 8 - Lekki Phase 1	Rex Anthony Multiventure	18c, Ben Okagbue Street, Lekki Phase 1	07031288836
33.	Lagos 9 - Ikoyi	Levitikal Ltd	186, Awolowo Road, Ikoyi	08055555678, 08035173983
34.	Lagos 10 - Surulere	Forty40 Int'l Ltd	127, Ogunlana Drive, Surulere	09062099918, 08069813232
35.	Lagos 11 - Victoria Island	Levitikal Ltd	Block B Unit 1, No1-7 Muri Okunola beside Eti Osa Local government, Victoria Island.	08055555678, 08035173983



BERGER BUSINESS PARTNERS (CONT'D)

SN	Location	Name	Address	Phone
36.	Maiduguri	Kawu Tijani & Sons Ltd.	105, Baga Road, Maiduguri, Borno State	08037012975
37.	Makurdi 1	Hallowed International Ventures Ltd.	321 Road, off 3rd Ave. Road, by 32 Crescent, Gwarinpa Cornershop, Gwarinpa Estate, Abuja	08036054493
38.	Makurdi 2	Kennyken Fabrication Services Ltd.	Opposite Garden of Elden Modern Market Road, Makurdi, Benue State	07039255879
39.	Markudi 3	Kennyken Fabrication Services Ltd.	12, Modern Market road, Markurdi, Benue State	07039255879
40.	Minna	Khafadez Resources Ltd.	SM3, Ahamadu Bahago Plaza, Tunga, Minna	07031720041
41.	Nasarawa	Khafadez Resources Ltd.	Suite 31, Power Complex by police Clinic Opposite APC Secretariat, Jos Road, Lafia, Nasarawa	07031720041
42.	Nasarawa 2	Khafadez Resources Ltd.	Suite A001 Emmado Plaza, Sharp Corner, Maraba, Nasarawa State.	07031720041
43.	Onitsha	Amor Dei West Africa	104, Akwa Road, Onitsha, Anambra State	08033138220
44.	Onitsha 2	Amor Dei West Africa	KM 20, Enugu/Onitsha Express Road, Opp, Crunches Eatery, Unizik Junction, Awka.	08033138220
45.	Onitsha 3	Amor Dei West Africa	No 35, Blossom Plaza, Onitsha Owerri Road Nnewi	08033138220
46.	Oshogbo	H-Pola Foundation	Beside Iyana Camp, Opposite NNPC, Ota Efun, Ikirun Road, Oshogbo-Osun State	08139690055
47.	Owerri	Lato Universal	51/65 Mbaize Road, by Wetheral/Fire Service Roundabout, Owerri	08034458797
48.	Port Harcourt	Parttracker Ltd.	42 Old Aba Road by Artillery Junction, Port Harcourt	07031720047
49.	Port Harcourt 2	Tesan Optimum	No 70, Ordinance Road, Trans - Amadi Industrial Layout, Port Harcourt, River State	08131758060
50.	Sokoto	Sariking Nig. Ltd.	13, Ahmadu Bello Way, Sokoto	09062099921
51.	Suleja	Splendid TSY Nig. Ltd.	Shop 8, Kwakwansh Plaza, Mandalla Road, Suleja, Niger State	07031720046, 08080058308
52.	Uyo	Sal-Aadis Global Resources	No 51, Ikot Ekpene Road	08065260072
53.	Warri	Tesan Technical	111, Warri-Effurun Road, Warri, Delta State	08035030263
54.	Warri 2	Tesan Technical	Km 5, Refinery Road, Warri Delta State	08035030263



MAJOR SUPPLIERS

1. Major International Suppliers:

- | | |
|------|--|
| 1.1. | Chemours Intl Operations |
| 1.2 | Clayton Finance Ltd. |
| 1.3 | G. Koepcke & Co. Gmbh |
| 1.4 | Hazel Middle East |
| 1.4 | Lewis Berger Intl. Supplies Ltd (United Kingdom) |
| 1.5 | Quimidroga Sarl |
| 1.6 | The National Titanium Dioxide Company Ltd. (Cristal) |

2. Major Local Suppliers:

- | | | | |
|----|--------------------------------------|----|--------------------------------------|
| 1 | Amoke Oluwo & Sons | 21 | Nampak Nig. Plc |
| 2 | Avery Nigeria Limited | 22 | Nikky Ventures |
| 3 | Avon Crowncaps & Containers Nig. Plc | 23 | Nycil Ltd. |
| 4 | Carose Nigeria Limited | 24 | Onokeno Business Venture |
| 5 | Chizzy Nig Ltd. | 25 | Orkila Chemicals Limited |
| 6 | Cormat Nig Ltd. | 26 | Phobica Chemicals Ltd. |
| 7 | Dafe Industries Ltd. | 27 | Regatta Industries Ltd. |
| 8 | Didoboss International Company | 28 | Remfemlaby Nig Enterprises |
| 9 | Emychem Nigeria Limited | 29 | Robinson Ventures Ltd. |
| 10 | Eurobridge Ind. Ltd. | 30 | Samking Chemical Ltd. |
| 11 | Falcon Chemicals Ltd. | 31 | Shokay Resource Ventures |
| 12 | Festo-Chem Ventures | 32 | Somaluck Chemical & Products Venture |
| 13 | Glister Success Ltd. | 33 | Sowis Energy Limited |
| 14 | Jo-Noble Chem. Ltd. | 34 | Sudunni Nig Ltd. |
| 15 | Lexcel Products & Packaging Ltd. | 35 | The Freedom Group Ltd. |
| 16 | Logata Point Services Limited | 36 | Trisa Nig. Ltd. |
| 17 | Mathsix Mega Investment Ltd. | 37 | Wahum Pkg Ltd. |
| 18 | Melvyn Nickson Nigeria Limited | 38 | Whitex Industries (Nigeria) Limited |
| 19 | Metoxide (Nigeria) Ltd. | 39 | Yadebell Global Ventures |
| 20 | Nagode Industries Ltd. | 40 | Zadema Ventures |



**Affix
Current
Passport**

(To be stamped by Bankers)

Write your name at the back of
your passport photograph



E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar

Meristem Registrars And Probate Services Limited
213, Herbert Macaulay Way
Adekunle-Yaba
Lagos State

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank account detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company's Name First Name Other Names

Address:

City State Country

Previous Address (If address has changed)

CHN CSCS A/c No

Name of Stockbroker

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint/Company's Signatories

TICK	NAME OF COMPANY	SHARE A/C NO
	ACAP INCOME FUND	
	AFRINVEST EQUITY FUND	
	BERGER PAINTS NIG PLC	
	CEAT FIXED INCOME FUND	
	CHELLARAMS BOND	
	CONOIL PLC	
	CONSOLIDATED HALLMARK INS. PLC	
	CUSTODIAN & ALLIED PLC	
	COVENANT SALT NIGERIA LIMITED	
	EMPLOYEE ENERGY LIMITED	
	ENERGY COMPANY OF NIGERIA PLC [ENCON]	
	eTRANZACT INTERNATIONAL PLC	
	FIDSON HEALTHCARE PLC	
	FOOD CONCEPTS PLC	
	FREE RANGE FARMS PLC	
	FTN COCOA PROCESSORS PLC	
	GEO-FLUIDS PLC	
	INTERNATIONAL ENERGY INSURANCE PLC	
	JUBILEE LIFE MORTGAGE BANK LTD	
	MAMA CASS RESTAURANTS LIMITED	
	MCN DIOCESE OF REMO	
	MCN LAGOS CENTRAL	
	MCN TAILORING FACTORY [NIGERIA] LIMITED	
	MULTI-TREX INTEGRATED FOODS PLC	
	MUTUAL BENEFITS ASSURANCE PLC	
	NASSARAWA STATE GOVT BOND	
	NASCON ALLIED INDUSTRIES PLC	
	NEIMETH INT'L PHARMS PLC	
	NEWREST ASL NIGERIA PLC	
	NIGER INSURANCE PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY [NMRC] PLC	
	NIGERIA MORTGAGE REFINANCE COMPANY PLC [NMRC] BOND	
	ONWARD PAPER MILLS PLC	
	PACAM BALANCED FUND	
	PAINTS & COATINGS MANUFACTURERS NIG PLC	
	PROPERTYGATE DEVT. & INVEST. PLC	
	R.T. BRISCOE NIGERIA PLC	
	REGENCY ALLIANCE INSURANCE PLC	
	SMART PRODUCTS NIGERIA PLC	
	SOVEREIGN TRUST INSURANCE PLC	
	TANTALIZERS PLC	
	THOMAS WYATT PLC	
	VITAFOAM NIGERIA PLC	
	ZENITH EQUITY FUND	
	ZENITH ETHICAL FUND	
	ZENITH INCOME FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-2809250-4



Meristem Registrars And Probate Services Limited

Web: www.meristemregistrars.com; email: info@meristemregistrars.com

Mail to:

MERISTEM REGISTRARS AND
PROBATE SERVICES LIMITED
213, HERBERT MACAULAY WAY,
ADEKUNLE, YABA, LAGOS STATE.
P.O. BOX 51585, FALOMO, IKOYI,
LAGOS STATE



BERGER PAINTS NIGERIA PLC {RC 1837} PROXY FORM

...enduring beauty and protection

For the Sixty-first (61st) Annual General Meeting (AGM) of Berger Paints Nigeria Plc. to be held by Proxy at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Thursday May 20, 2021 at 10:00 a.m., or so soon thereafter.

I/We.....

(Name of Shareholder in block letters)

The undersigned, being a member of the above-named Company hereby appoint the following person:

SN	Name	Designation	Proxy Choice
1	Mr Abi Ayida	Chairman/Non-Executive Director	
2	Mr Kunle Olowokande	Non-Executive Director	
3	Sir Sunny Nwosu	Shareholder Rep	
4	Mrs Bisi Bakare	Shareholder Rep	
5	Mr Timothy Adesiyon	Shareholder Rep	
6	Mr. Lawrence Oguntoye	Shareholder Rep	

or failing him/her, the Chairman of the meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday May 20, 2021 and at any adjournment thereof."

Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit.

Dated this Day of2021

Signature

NOTES:

- This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy thereof, should be completed and deposited at the office of the Company's Registrars, Meristem Registrars and Probate Services Limited (Registrars), at 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos State, or via email to info@meristemregistrars.com, not later than 48 hours before the time of holding the meeting.
- In the case of joint holders, the signature of anyone of them will suffice, but the names of all joint holders should be shown.
- It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (not adhesive postage stamps) from the Stamp Duties Office. The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

ADMISSION FORM

For the Sixty-first (61st) Annual General Meeting (AGM) of Berger Paints Nigeria Plc. to be held by proxy at the Company's Head Office at 102, Oba Akran Avenue, Ikeja, Lagos State on Thursday May 20, 2021 at 10:00 a.m.

*Name of Shareholder _____

*Name of Proxy (pick from list above) _____

A member (shareholder) entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of him. A Proxy need not be a member. The above proxy form has been prepared to enable you exercise your right to vote.

IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a member of the Company or not.

For the Registrar's use only:

No. of shares held

	Resolution	For	Against
We desire this proxy to be used in favor of/ or against the resolution as indicated alongside.	1) To Receive the 2020 Audited Financial Statements and Accompanying Reports		
	2) To declare a Dividend of 40 kobo per share		
	3a) To elect Mrs. Ogechi Iheanacho as Director		
	3b) To elect Mrs. Ereluwa Gbadebo as Director		
	3c) To elect Mrs. Aisha Umar as Director		
	3d) To elect Mr. Victor Olusegun Adeniji as Director		
	4a) To re-elect Mr. Kunle Olowokande As Director		
	4b) To re-elect Mr. Anjan Sircar as Director		
	4c) To re-elect Mr. Abi Ayida as Director		
	5) To authorize the Directors to fix the remuneration of the Auditors.		
	6) To disclose the remuneration of the Managers of the Company.		
	7) To elect members of the Audit Committee.		
	8) To approve retirement benefits for retiring directors		
	Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.		



Mail to:

MERISTEM REGISTRARS AND
PROBATE SERVICES LIMITED
213, HERBERT MACAULAY WAY,
ADEKUNLE, YABA, LAGOS STATE.
P.O. BOX 51585, FALOMO, IKOYI,
LAGOS STATE

BERGER



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For more information, contact

Swiftpainting@bergerpaintnig.com 09062682344

 : 08102164586

 : www.linkedin.com/company/berger-paints-nigeria-plc

   : @Bergerpaintsng

 : www.bergerpaintsng.com/swift-painting



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