SMART PRODUCTS RC 4738

NIGERIA PLC.

No 373, Agege Motor Road,
Challenge, Mushin.
P.O. Box 156, Ikeja,
Lagos, Nigeria.

Cables: SMAROIL-LAGOS
Telephone:01 - 452 2535
Fax:01 - 452 2585
Secretaries: GENASEC LTD.

SMART PRODUCTS NIGERIA PLC

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

SMART PRODUCT NIGERIA PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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SMART PRODUCTS NIGERIA PLC

CORPORATE INFORMATION

Directors:	Late Abiola A. Aderonmu, Esq., (Deceased 25 July, 2021) Dr. Moses O. Ajaja Pastor Akin Laoye Adejinle O. Adeniji, Esq.,
Registered office:	373, Agege Motor Road, Challenge, Mushin, **Lagos** Tel: 01-8131274
Registration number:	RC 4738
Registrars:	Meristem Registrars Limited, 213, Herbert Macaulay Street, Adekunle, Yaba, **Lagos** Tel: 01-2717350 E-mail: info@meristemregistrars.com
Company Secretaries:	Alpha-Genasec Limited, Kresta Laurel Complex (4th Floor), 376, Ikorodu Road, Maryland, **Lagos** Tel: 09031613983 E-mail: alphagenasec@bakertillynigeria.com
Independent Auditors:	Bakertilly Nigeria, (Chartered Accountants), Kresta Laurel Complex (4th Floor), 376, Ikorodu Road, Maryland, **Lagos** Tel: 07035051231 E-mail: btnlag@bakertillynigeria.com
Bankers:	Access Bank Plc Sterling Bank Plc

SMART PRODUCTS NIGERIA PLC

RESULTS AT A GLANCE

	2021 **₦**	**2020** **₦**	**Percentage Change**
Gross revenue	54,841,828	49,427,474	11
Profit before taxation	9,127,023	9,688,403	(6)
Profit after taxation	7,434,656	7,384,812	1
Share capital	22,500,000	22,500,000	-
Equity attributable to owners	95,582,917	92,648,261	3

Per share data:

Earnings (in kobo)	17	16
Net assets (in kobo)	212	206
Dividend declared (in kobo)	10	10

SMART PRODUCTS NIGERIA PLC

REPORT OF THE DIRECTORS

1. The directors hereby submit their report and the financial statements of the company for the financial year ended 31 December, 2021.

2. **Result**

Result	**₦**
Profit before taxation	9,127,023
Income tax expense	(1,315,797)
Deferred taxation	(376,570)
Profit after taxation	7,434,656
	========

3. **Company profile**
The company formerly Associated Press Limited was incorporated on 11 January 1966 as a private limited liability company and commenced operation as a legal entity immediately. The name was changed to Smurfit Print Nigeria Limited in 1987 and was subsequently converted to a public limited liability company in 1991 which made it change its name to Smurfit Print Nigeria Plc. The name was changed again to Smart Products Nigeria Plc on 25 September, 2005.

4. **Principal activities**
The company continued to let out the warehouse and rely on its rental income during the year under review.

5. **Review of operational performance**
A profit after tax of ₦7,434,656 was achieved in 2021 compared to a profit after tax of ₦7,384,812 in the preceding year.

6. **Directors**
The names of the directors of the company are as stated on page 1 of these reports and financial statements.

7. **Directors' interests**

(i) The directors' interests in the company's shares as at 31 December, 2021 were as follows: -

	No. of shares 2021	2020
Abiola Aderonmu, Esq., (Deceased on 25 July, 2021)	24,783,579	24,783,579
Dr. M. O. Ajaja	250,000	250,000
Pastor Akin Laoye	409,000	409,000

(ii) None of the directors has notified the company for the purpose of Section of the Companies and Allied Matters Act 2020 to the effect that he had interest in any contract with which the company was involved during the period under review.

8. **Substantial interest in shares**

According to the Register of members, the following persons held more than 5% of the issued share capital of the company on 31 December, 2021:

Shareholders	**Number of shares**	**Percentage**
A. A. Aderonmu, Esq., (Deceased 25 July, 2021)	24,783,579	55.07
Smurfit overseas	9,000,000	20.00

9. **Directors' responsibility**

In accordance with the provisions of the Companies and Allied Matters Act, the directors of the company 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, and comply with the provisions of the Companies and Allied Matters Act. In doing so, they ensure that:-

- Proper accounting records are maintained;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted and consistently applied;
- The going concern basis is used, unless it is inappropriate to presume that the company will continue in business; and
- Adequate internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

10. **Shareholding**

As at 31 December, 2021, the shares of the company were held as follows: -

	2021		**2020**	
Shareholders	**No. of shares**	**%**	**No. of shares**	**%**
Nigerian individuals and organizations	36,000,000	80	36,000,000	80
Non-resident	9,000,000	20	9,000,000	20
	45,000,000	100	45,000,000	100
	========	===	========	===

11. **Property, plant and equipment**

Movements in property, plant and equipment during the period are shown in Note 9 to the financial statements on page 31. In the opinion of the directors, the market value of the company's fixed assets is not lower than the value shown in the financial statements.

12. **Dividend**

The directors recommend payment of dividend 10 kobo per 50 kobo share amounting to **₦4.5** million compared to dividend of 10 kobo per 50 kobo share paid in 2020 (**₦4.5 million)**

13. **Personnel**

(i) ***Employment of disabled persons:***

The company does not discriminate in considering applications for employment including those from disabled persons. All employees are given equal opportunities to develop their knowledge and skills within the organisation. As at 31 December, 2021 there were, however, no disabled persons in the company's employment.

(ii) ***Employee's involvement and training:***
The company is committed to keeping employees fully informed as far as possible regarding its performance and progress and seeking their views whenever practicable, on matters which particularly affect them as employees.

(iii) ***Staff welfare and safety at work:***
The company places high premium on its human resources and there is existing provision for lunch, rent and transport allowances. The company conducts its activities in a way to take foremost account of the safety of its employees and other persons.

14. **Corporate Governance Report**
Corporate Governance principles, rules and regulatory requirements of the Nigerian Stock Exchange and Securities and Exchange Commission have indeed been an integral part of the way Smart Products Nigeria Plc conducts its business.

The Company has always been guided by a strong conviction of adhering to transparency, accountability, good management practices and integrity through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities.

It believes that the implementation of global best practices and corporate governance principles would help to achieve commitment and goals to enhance stakeholders' value. We therefore present in detail, the Board activities in the last financial year as follows:

i. **The Board Composition and its Committees**

- The Board has overall responsibility for ensuring that the Company is appropriately managed and achieves its strategic objectives.
- The company's Articles of Association provide that the company's Board shall consist of not more than 8 Directors. During the year the Board comprised of five non- executive Directors.
- The Company's Board comprises of a non- executive Chairman and Directors, all bringing high levels of competencies and experience, with enviable records of achievement in their respective fields.
- The Board meets regularly to set broad policies for the Company's business and operations and ensures that a professional relationship is maintained with the Company's auditors in order to promote transparency in financial and non-financial reporting.

ii. **Role of the Board**

- The Board is responsible for the review of goals, major plans of action, annual budget and business plans with overall strategies setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditure in the approved budget.
- Ensuring proper accounting records which disclose with reasonable accuracy at any time, the financial status of the company are maintained and that the financial reporting systems comply with the Companies and Allied Matters Act.
- Through the establishment of the Board Committees, making recommendations and taking decisions on issues of expenditure that may arise outside the normal meeting schedule of the full Board.
- Ratifying duly approved recommendations and decisions of the Board Committees.
- Periodic and regular review of actual business performance relative to established objectives.
- The Board has supervisory responsibility for overall budgetary planning, major treasury planning and commercial strategies.
- The Board has responsibility for review and approval of internal controls and risk management policies and processes.

iii. **Analysis of Shareholding as at 31 December, 2021**

Range	***No. of Holders***	***Holders %***	***Holders Cumm***	***Units***	***Units %***	***Units Cum.***
1 - 1,000	1,430	63.92%	1,430	728,843	1.62%	728.843
1,001 – 5,000	651	29.10%	2,081	1,354,389	3.01%	2,083,232
5,001 – 10,000	62	2.79%	2,143	453,507	0.96%	2,536,739
10,001- 50,000	62	2.77%	2,205	1,230,697	2.74%	3,746,936
50,001 – 100,000	11	0.49%	2,216	750,345	1.67%	4,497,281
100,001 - 500,000	15	0.67%	2,231	3,349,980	7.45%	7,847,261
500,001 -1,000,000	1	0.04%	2,252	675,000	1.50%	8,522,261
1,000,001- **ABOVE**	5	0.22%	2,237	36,457,239	81.05%	45,000,000
Grand Total	**2,237**	**100.00%**		**45,000,000**	**100%**	
	====	=======		========	=====	

iv. **Record of Directors' Attendance**

In accordance with Section of the Companies and Allied Matters Act, 2020 the record of Directors' attendance and meetings during the year 2021 is available for inspection at the Annual General Meeting.

The meetings of the Board were presided over by the Chairman and the Board met three (3) times during year, written notices of the Board meetings, along with the agenda, were circulated at least, seven days before the meetings. The minutes of the meetings are appropriately recorded, circulated and pasted in the minutes' book of the Company. In view of the size of the Company as reflected in the numbers of its staff which was three

(3) in the year under review, the Company did not operate more than two Committees viz:

v. **Investments' Committee**

The Committee is made up of two members namely:

1.	Akin Laoye	-	Chairman
2.	Ade Adeniji		Member

The committee has oversight responsibility for operational/strategies development and implementation, review of equipment needs and acquisition, new business concern review and implementation. It also reviews and decides on how and when to make investments in the Company.

vi. **Audit Committee:**

The Committee comprises of four members namely:

Baale Ogunnowo S. Olutayo	- Chairman
Olufemi Oduyemi	- Member
Akin Laoye	- Member
Adejile Adeniji	Member (appointed w.e.f 27/8/2020)

In accordance with Section 404 (6) of the Companies and Allied Matters Act 2020 the above members and Directors were elected and nominated pursuant to Section 404 (4) of the said Act. The meetings of the committee were held two (2) times during the year. The functions of the committee are laid down in Section 404 (7) of the Companies and Allied Matters Act 2020

Attendance at meetings during the year ended 31 December, 2021

Directors/members	**Full Board meeting**	**Investment committee**	**Audit committee**
Total number of meetings	**3**	**2**	**2**
Ademola A. Aderonmu	1	1	N/A
Akin Laoye	3	2	2
Dr. M. O. Ajaja	3	N/A	N/A
Mr. Ade Adeniji	3	N/A	1

Note: ***N/A means not applicable***

vii. **Management Team**

The day-to-day management of the business is the responsibility of the Manager under the close supervision of the two Investments Committee members.

viii. **Donations and Charitable Gifts:**

Although the Company did not make any donation or contribution to any charitable organisations during the year, it is part of the policy of the Company to make such donation(s) as and when necessary.

ix. **Complaint Management:**

This policy implements the Securities and Exchange Commission (SEC) Rules relating to the Complaints Management Framework of the Nigerian Capital Market which requires every listed Company to establish a clearly defined Complaints Management Policy to handle and resolve complaints within the purview of the Framework.

The Management of the Company is committed to ensuring that complaints are dealt with in responsive, efficient, effective, fair and economical way. A senior officer is responsible for the operation of the system and the achievement of outcomes. The Company acknowledges the right of the public and its staff to complain when dissatisfied with a service and encourages feedback from customers, clients, staff and the public generally wants staff to be 'complaint friendly and not defensive or negative about feedback and recognizes that if properly handled and analyzed, complaints and feedback held the Company to improve its business processes, and therefore, time spent on handling complaints is an investment in better service to the public.

Securities Trading Policy:

Insider trading and dealing in Company's shares:

The Board has approved a Securities Trading Policy which set out the guidelines on the purchase and sale of securities by Directors, employees and associates. The policy is to assist all Directors and employees to understand the restrictions placed on them as insiders of the Company with respect to their securities transactions and to avoid the conduct referred to as "insider trading" any period as may be specified by the Company or the Exchange from time to time.

Also, Directors and employees and other insiders wishing to buy, sell or deal in the Company's securities must obtain approval from the Chairman through the Company Secretary prior to any dealing in the Company's securities. Request for approval must state the volume of securities to be purchased and sold.

ORDINARY SHARES OF 50 KOBO EACH

Share Capital History

Authorised share capital			**Issued and fully paid**			
Date	**Shares**	**Value (₦)**	**Shares**	**Increase**	**Cumu.**	**Value (₦)**
Brought forward after listing in 1992:						
1992	15,000,000	7,500,000	5,000,000	5,000,000	2,500,000	b/fwd
1993	15,000,000	7,500,000	10,000,000	15,000,000	7,700,000	Rights Issue
The shares remained at the same level from 1993 to 1996						
1997	30,000,000	15,000,000	3,000,000	18,000,000	9,000,000	bonus Issue
The shares remained at the same level from 1997 to 1999						
2000	50,000,000	25,000,000	18,000,000	36,000,000	16,750,000	Rights Issue
2011	50,000,000	25,000,000	9,000,000	45,000,000	22,500,000	Bonus Issue

The Shareholdings remains at the same level since 2011 till 2019
Analysis of Shareholding as at 31 December, 2019

15. **Independent Auditors**
Messrs. Bakertilly Nigeria (Chartered Accountants) have indicated their willingness to continue as auditors in accordance with Section 401(2) of the Companies and Allied Matters Act 2020. A resolution will be proposed to authorise the directors to fix their remuneration.

By order of the Board

…………………………….
Alpha-Genasec Limited
Company Secretaries
FRC/2014/ICSAN/00000008037

Lagos, Nigeria
29 March, 2022

SMART PRODUCTS NIGERIA PLC

Statement of Directors' Responsibility for the Financial Statements

The Directors accept responsibility for the preparation and fair presentation of these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in compliance with International Financial Reporting Standards, and with the requirements of the Companies and Allied Matters Act 2020 and Banks and Other Financial Institutions Act. This responsibility includes: designing, implementing and maintaining adequate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates which are consistently applied.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate internal control system.

The Directors have made 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 entity in the years ahead.

…………………………………
Pastor Akin Laoye
Director
FRC/2021/003/00000023888

29 March, 2022

………………………………….
Mr. Ade Adeniji
Director
FRC/2014/ICAN/00000002245

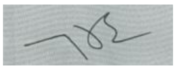
29 March, 2022

SMART PRODUCTS NIGERIA PLC

Certification of 'No misstatements and adequate internal Control System'

The Managing Director and the Chief Financial Officer accept the responsibilities for the preparation of these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in compliance with International Financial Reporting Standards, and with the requirements of the Companies and Allied Matters Act 2020. These responsibilities include designing, implementing and maintaining adequate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates which are consistently applied.

The Managing Director and the Chief Financial Officer further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate internal control system.



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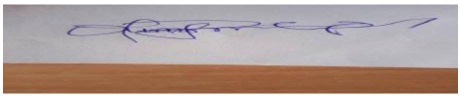
Pastor Akin Laoye
Director
FRC/2021/003/00000023888

29 March, 2022



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Mayowa Jimoh
Chief Finance Officer
FRC/2022/PRO/ICAN/001/00000024076

29 March, 2022

BAKERTILLY
NIGERIA
Chartered Accountants
4th Floor, Kresta Laurel Complex,
376, Ikorodu Road, Maryland,
P. O. Box 15016, Ikeja,
Lagos,
Nigeria.
Tel: +234 (1) 774 4873
+234 (0) 802 310 6422
E-mail: btnlag@bakertillynigeria.com
Website: www.bakertillynigeria.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SMART PRODUCTS NIGERIA PLC

Report on the Audit of the Financial Statements

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Smart Products Nigeria Plc as at 31 December, 2021, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements which are in compliance with the requirements of both Financial Reporting Council of Nigeria Act, No. 6 of 2011, the Companies and Allied Matters Act 2020. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

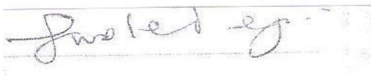
Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) proper books of accounts have been kept by the Company; and

iii) the Company's statement of financial position and profit or loss and other comprehensive income are in agreement with the books of accounts.



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Oluwole O. Ogundeji
FRC/2013/ICAN/00000002825
For: Bakertilly Nigeria
(Chartered Accountants)

Lagos, Nigeria
30 March, 2022

SMART PRODUCTS NIGERIA PLC

AUDIT COMMITTEE REPORT

To the shareholders

We, the Audit Committee members of Smart Products Nigeria Plc in accordance with the provision of Section 404(6) of the Companies and Allied Matters Act 2020, have carried out the following statutory functions:-

a. Confirmed that the accounting and reporting policies of the company are in accordance with the legal requirements and agreed ethical practices;

b. Reviewed the scope and plan of the audit for the year ended 31 December, 2021; and

c. Reviewed the external and internal auditors' recommendations on accounting procedures and internal controls and management's responses thereon.

In our opinion, the scope and planning of the audit for the year ended 31 December, 2021 were adequate and management's responses to the Auditors' findings were satisfactory.

Ade Adeniji, Esq
FRC/2013/ICAN/0000002245
***For:* CHAIRMAN**

Members of the committee

1.	Baale Ogunnowo S. Olutayo	- Chairman
2	Olufemi Oduyemi	- Member
3	Pastor Akin Laoye	- Member
4	Ade Adeniji	- Member

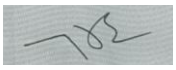
Dated this day: 29 March, 2022

SMART PRODUCTS NIGERIA PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2021

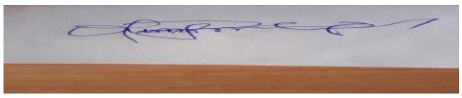
Assets:		**2021**	**2020**
Non-current:	**Note**	**₦**	**₦**
Property, plant and equipment	9	1,787,530	500,030
Investment property	10	123,641,789	121,493,857
Equity investment	11.1	651,384	417,545
		126,080,703	**122,411,432**
Current:			
Loans and other receivables	12	40,921,495	51,621,622
Cash and cash equivalents	13	15,010,411	587,828
		55,931,906	**52,209,450**
Total assets		**182,012,609**	**174,620,882**
Non Current liabilities			
Deferred tax liability	7.3	1,144,889	768,319
Current:			
Trade and other payables	14.1	30,423,814	29,803,565
Deferred income	15	12,344,552	10,200,097
Current tax payable	7.2	42,516,437	41,200,640
		85,284,803	**81,204,302**
Total liabilities		**86,429,692**	**81,972,621**
Equity			
Issued share capital	16	22,500,000	22,500,000
Share premium	17	1,151,920	1,151,920
Asset revaluation reserve	18	81,018,020	81,018,020
Retained earnings	19	(9,087,023)	(12,021,679)
Equity attributable to owners		**95,582,917**	**92,648,261**
Total liabilities and equity		**182,012,609**	**174,620,882**

The financial statements were approved by the Board of Directors on 29 March, 2022 and signed on its behalf by:



....
Pastor Akin Laoye
Director
FRC/2021003/00000023888

....
Mr. Ade Adeniji
Director
FRC/2014/ICAN/0000002245



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Mayowa Jimoh
Chie Finance Officer
FRC/2022/PRO/ICAN/001/00000024076

The accounting policies and notes on pages 19 to 40 form an integral part of these financial statements

SMART PRODUCTS NIGERIA PLC

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

	Note	2021 ₦	2020 ₦
Revenue	3	45,980,211	44,370,193
Other income	4	8,861,617	5,057,281
Total revenue		54,841,828	49,427,474
Personnel expenses	5	(8,270,233)	(7,191,318)
Other operating expenses	6	(21,858,410)	(18,363,775)
Depreciation	9 & 10	(4,400,945)	(3,996,184)
Specific impairment allowance	6.1	(11,185,217)	(10,187,794)
Profit before tax		9,127,023	9,688,403
Income tax expenses	7.1	(1,315,797)	(1,258,600)
Deferred tax expenses	7.3	(376,570)	(1,044,991)
Profit after tax	19	7,434,656	7,384,812
Other comprehensive income		-	-
Total comprehensive income for the year		7,434,656	7,384,812
Earnings per share			
Basic profit for the year attributable to Ordinary equity holders (in kobo)	8	17	16

The accounting policies and notes on pages 19 to 40 form an integral part of these financial statement

SMART PRODUCTS NIGERIA PLC

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

	Issued share Capital ₦	Share Premium ₦	Asset Revaluation ₦	Retained Earnings ₦	Total Equity ₦
Balance as 1 January, 2021	22,500,000	1,151,920	81,018,020	(12,021,679)	92,648,261
Statement of comprehensive income	-	-	-	7,434,656	7,434,656
Dividend paid/declared	-	-	-	(4,500,000)	(4,500,000)
Balance at 31 December, 2021	22,500,000	1,151,920	81,018,020	(9,087,023)	95,582,917
	========	=======	========	=========	=========
Balance at 1 January, 2020	22,500,000	1,151,920	81,018,020	(14,906,491)	89,763,449
Statement of comprehensive income	-	-	-	7,384,812	7,384,812
Dividend paid/declared	-	-	-	(4,500,000)	(4,500,000)
Balance at 31 December, 2020	22,500,000	1,151,920	81,018,020	(12,021,679)	92,648,261
	========	=======	========	=========	=========

The accounting policies and notes on pages 19 to 40 form an integral part of these financial statements

SMART PRODUCTS NIGERIA PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2021

	Note	2021 ₦	2020 ₦
Cash flow from operating activities			
Operating profit before working capital changes	23.i	13,294,129	13,636,299
Working capital changes	23.ii	13,464,831	2,278,013
Tax paid	7.2	-	-
Net cash inflow from operating activities		**26,758,960**	**15,914,312**
Investing activities			
Additions to PPE	9	(2,200,000)	-
Additional improvement on investment property	10	(6,136,378)	(11,948,900)
Sales proceeds from disposal of motor vehicles		500,000	
Net cash out flow from investing activities		**(7,836,378)**	**(11,948,900)**
Financing activities			
Dividend paid		(4,500,000)	(3,600,000)
Net cash flow from investing activities		**(4,500,000)**	**(3,600,000)**
Net increase in cash and cash equivalents		14,422,583	365,412
Cash and cash equivalents at 1 January		587,828	222,416
Cash and cash equivalents at 31 December	13	**15,010,411**	**587,828**

The accounting policies and notes on pages 19 to 40 form an integral part of these financial statements

SMART PRODUCTS NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

The company, Smart Product Nigeria Plc (formerly Associated Press Limited) was incorporated on 11 January 1966 as a limited liability company and commenced business as a legal entity immediately. It was converted to a public limited liability company in 1991. The registered office is located at 373, Agege Motor Road, Challenge, Mushin, Lagos. The principal activity of the company is the management and administration of the company's properties and investments from where it derives income.

The financial statements for the year ended 31 December, 2021 were authorised for issue in accordance with the resolution of the directors on 29 March, 2022.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on an historical cost basis, except for those available-for-sale financial assets that have been measured at fair value. The financial statements values are presented in the Nigerian Naira (₦), which is the Company's presentation currency, unless otherwise indicated.

2.1.1 *Statement of compliance*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

The Company presents its statement of financial position with necessary analysis of the items presented in the respective notes. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) form an integral part of each of the notes where applicable.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the assets and settled the liability simultaneously.

2.2 Summary of significant accounting policies

The following are the significant accounting policies adopted by the Company in preparing of its financial statements:

2.2.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). The cost of property, plant and equipment includes expenditure incurred during construction, delivery and modification. Other subsequent expenditure is capitalised only when it increases the future economic benefits associated with the asset to which it relates. Where a substantial period of time is required to bring the asset into use, attributable finance costs are capitalised and included in the cost of the relevant asset. Depreciation is provided on straight line basis to allocate the cost/revalued amounts less their residual values over the estimated useful lives of the various classes of assets.

The principal rates used are:

Plant and machinery	10 years
Motor vehicles	4 years
Furniture, fixtures and equipment	10 years
Generator	3 years

Depreciation is charged based on usage in the year of purchase.

The asset’s residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

Impairment review is carried out when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses on non-revalued assets are recognised in the income statement as an expense, while reversals of impairment losses are also stated in the income statement.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.2.2 Investment properties

Leasehold property
The company has opted to use the carrying cost of its investment property as deemed cost upon transition to IFRS and subsequently measure it using the cost model.

Investment properties (including borrowing cost attributable to their construction, acquisition and production) are capitalised and are initially measured at cost; Subsequently, they are amortised over the remaining leasehold life of the lease agreement (less any accumulated impairment losses). The company however discloses the fair value of its investment properties as at the end of the financial period in compliance with paragraph 79 of IAS 40. The fair value is determined every three years by external independent valuers who are registered with the Financial Reporting Council (FRC) of Nigeria. Increase in their carrying amount are credited to revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same properties are charged against revaluation reserve while, all other decreases are charged to the income statement. Revaluation surplus on disposed properties are written back to income in line with the provisions of IAS 40. The company's investment property is amortised over the remaining life of the lease agreement. The lease expires by 2052.

2.2.3 *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Capitalization of expenditure ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by management.

Depreciable amount is allocated on a systematic basis over its useful life using the straight line basis in which charges for each period are recognised in the profit or loss. Direct computer software development costs recognised as intangible assets are amortised on a straight line basis over four years and are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of the asset is reviewed at each financial year end. If the expected useful life is different from the previous estimates, the amortisation period will change. And if there is a change due to the expected pattern of consumption of the future economic benefits embodied in the asset, the amortisation period will be changed to reflect the pattern which will be accounted for as a change in accounting estimate. However, the company did not have any intangible asset as at 31 December, 2021.

2.2.4 **Taxation**

a) ***Current income tax***

Current income tax liabilities and assets for the current and prior periods is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

b) ***Deferred tax***

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

Deferred tax assets are recorded only to the extent that it is probable that taxable profit will be available against which the deferred tax asset will be realized or if it can be offset against existing deferred tax liabilities. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting period. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.2.5 Employee’s retirement benefits

Defined contribution

The Company operates a funded defined contributory scheme with some Pension Fund Administrators. This is in compliance with the provisions of the Pension Reform Act, 2004 whereby employer and employees contribute minimum of 10% and 8% respectively of the employees’ eligible emoluments. Staff contributions to the scheme are funded through payroll deductions, while the Company’s contribution is charged to the income statement.

When an employee has rendered service to an entity during a period, the company recognises the contribution payable to a defined contribution plan in exchange for that service (a) as a liability (accrued expenses), after deducting any contribution already paid, (b) as an expense.

2.2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes. The following specific recognition criteria must also be met before revenue is recognised for each of the two major income sources available to the company as follows:-

Rental income

This income is generated from rent paid by tenants on the company's property and is being recognised on time basis. Rent received for the period is recognised in the income statement as turnover for the period while amount relating to the period yet to expire is deferred and recognised as payable in the statements of financial position.

Investment income

Investment income is generated through dividend from equity investment. This income is recognised in the statement of comprehensive income as income when the company's right to receive the payment is established.

2.2.7 **Financial Instruments**

i. **Recognition and Initial Measurement**

The Company initially recognizes trade and other receivables on the date that they are originated. All other financial assets and financial liabilities are initially recognized on the trade date at which 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 fair value through profit or loss (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.

ii. **Classification and Subsequent Measurement**

Financial assets — Policy applicable from 1 April 2019.

On initial recognition, a financial asset is classified as measured at:

- Amortized cost; fair value through other comprehensive income (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 amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (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.

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.

All financial assets not classified as measured at amortized cost or FVOCl as described above are measured at FVTPL.

Business Model Assessment:

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

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

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the 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 specialized assets (e.g. non— recourse features).

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

Subsequent measurement and gains and losses:

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 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.

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 cost-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 de-recognition 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 de-recognition, 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 amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

Financial liabilities are classified as measured at amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

iii. De-recognition

Financial Assets
The Company de-recognizes 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.

iii) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost, this includes directly attributable transaction costs. The company's financial liabilities include trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

iv) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

v) ***Fair value of financial instruments***

The fair value of financial instruments that are traded in active markets are determined at each reporting date by reference to quoted market prices or dealer price quotations.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

2.2.8 **Cash and cash equivalent**

Cash and cash equivalent in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts (if any).

2.2.9 Provision

A provision is recognised if as a result of 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. Amounts are recorded based on management's best estimate of the amount needed to settle the obligation, which includes, among other things, management's experience in similar transactions.

Where the effect of the time value of money is significant, the provision is discounted at a rate that reflects the estimated timing of payment, if the timing can be reasonably determined, as well as the risk associated with the liability.

2.2.10 Lease

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

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

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as Lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15

		2021	2020
3.	**Turnover**	₦	₦
	Rental income	45,980,211	44,370,193
		==========	==========
4.	**Other income**		
	Service charge reimbursement	5,841,000	2,380,000
	Provision no longer required	-	5,360
	Other income	1,105,000	737,577
	Gain on equity investment valuation	233,839	-
	Interest on commercial paper	1,681,778	1,934,344
		8,861,617	5,057,281
		==========	=========
5.	**Personnel expenses**		
	Pension contributions	464,058	535,248
	Staff welfare	145,000	140,000
	Directors fees and allowances	2,700,000	2,600,000
	Salaries and wages	4,961,175	3,916,070
		8,270,233	7,191,318
		=========	=========
6.	**Other operating expenses**		
	Legal fee	1,258,365	300,000
	Registrars'fee	2,183,588	1,548,150
	Security service	2,881,188	1,967,375
	Vehicle running and maintenance	1,660,700	2,463,200
	Generator running expenses	1,657,000	1,457,190
	Annual general meeting	1,411,400	1,332,860
	Repairs and maintenance	3,039,650	2,217,060
	Transport/travelling	1,389,350	2,041,950
	Other professional fees	940,000	820,000
	Audit fee	750,000	750,000
	Waste disposal/cleaning	720,000	700,000
	Land use charge	432,625	383,761
	Listing and filing fees	430,147	225,191
	Audit committee meetings	590,000	785,000
	Insurance – building	279,443	279,443
	Financial Reporting Council dues	200,000	200,000
	Telephone and internet	296,580	249,480
	Electricity	1,464,110	508,093
	Local Government permit	105,300	-
	Entertainment/refreshment	95,890	63,800
	Bank charges	45,224	41,972
	Printing and stationaries	27,850	29,250
		21,858,410	18,363,775
		===========	===========

		2021	2020
6.1	**Allowance**	₦	₦
	Impairment allowance (rent)	6,552,384	10,084,806
	Impairment allowance (other receivables)	4,632,833	102,988
		11,185,217	10,187,794

The allowance for impairment represents the expected credit loss (ECL) computation on financial assets

7. **Income tax expense**

7.1 ***Statement of comprehensive income***

	2021	2020
Based on the profit for the year	1,041,330	984,908
Education tax	270,559	273,692
Police trust fund levy	3,908	-
	1,315,797	1,258,600
Deferred tax movement (note 7.3)	376,570	1,044,991

The Police Trust Fund Development Levy represents the contribution of the company to the development of the police force. This is in compliance with Nigeria Police Trust Fund Act passed by the National Assembly in April 1, 2019 and signed into law by the President on 24 June, 2019: the levy represents 0.005 of profit after company income tax of the company.

7.2 **Statement of financial position**
Income tax

	2021	2020
Balance at 1 January	41,200,640	39,942,040
Statements of comprehensive income	1,315,797	1,258,600
	42,516,437	41,200,640
Payments during the year	-	-
At 31 December	42,516,437	41,200,640

7.3 **Deferred tax liability/(asset)**

	2021	2020
At 1 January	768,319	(276,672)
Movement during the year	376,570	1,044,991
At 31 December	1,144,889	768,319

7.4 The company income tax was based on the provision of the Company Income Tax Act Cap. 60 LFN 2020 and the education tax Act 1993 as amended to date. The income tax expense for the year ended can be reconciled to the accounting profit.

	2021	2020
	₦	₦
Profit before tax from continuing operations	9,127,023	9,688,403
	=======	=======
Expected tax base on statutory rate of 22%	2,007,945	2,131,449
Effect of disallowed expenses	968,208	879,160
Effect of capital allowance	(1,660,356)	(1,752,009)
Income tax expense recognised in income statements	1,315,797	1,258,600
	========	========
Effective tax rate	15%	13%
	====	====

8. **Earnings per share**

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date. The following reflects the income and share data used in the basic earnings per share computations.

Net profit attributable to ordinary shareholders for basic earnings	7,434,656	7,384,812
Weighted average number of ordinary shares	45,000,000	45,000,000
Basic earnings per ordinary share (in kobo)	17	16
	========	========

9. **Property, plant and equipments**

	Furniture Fixtures & Equipment	Motor Vehicles	Generator	Total
Cost valuation	₦	₦	₦	₦
As at 1 January, 2021	5,703,994	4,027,000	5,499,050	15,230,044
Additions	-	2,200,000	-	2,200,000
Disposal	-	(2,000,000)	-	(2,000,000)
As at 31 December, 2021	5,703,994	4,227,000	5,499,050	15,430,044
	=======	========	=======	========
As at 1 January, 2021	5,703,984	3,526,990	5,499,040	14,730,014
Charge for the year	-	412,500	-	412,500
Disposal	-	(1,500,000)	-	(1,500,000)
As at 31 December, 2021	5,703,984	2,439,490	5,499,040	13,642,514
	=======	=======	=======	========
Net book value				
At 31 December, 2021	10	1,787,510	10	1,787,530
	===	=======	===	=======
At 31 December, 2020	10	500,010	10	500,030
	===	======	===	======

		2021	2020
10.	**Investment property-Leasehold building**	**₦**	**₦**
	As at 1 January, 2021	168,023,753	156,074,853
	Additions during the year	6,136,378	11,948,900
	As at 31 December, 2021	174,160,131	168,023,753
		=========	=========
	Amortisation		
	As at 1 January, 2021	46,529,897	43,033,713
	Charge for the year	3,988,445	3,496,184
	As at 31 December, 2021	50,518,342	46,529,897
		========	========
	NBV as at 31 December	123,641,789	121,493,857
		=========	=========

The leasehold investment property is located at KM12, Agege Motor Road, Mushin, Lagos and is being amortised over the remaining term of the lease. The lease term will expire in 2052.

11.	**Financial assets**		
	Available for sale financial apssets (11.1)	651,384	417,545
	Loans and other receivables (12)	50,574,934	51,621,622
		51,226,318	52,039,167
		========	========
11.1	***Available for sale financial assets***		
	Listed securities		
	First Bank of Nigeria Plc	363,362	312,543
	PZ	14,045	14,972
	Ecobank Nigeria Limited	40,138	41,743
	Total available for sale financial asset	417,545	369,258
		----------	----------
	Impairment allowance		
	Impairment charge for the year	-	-
	Appreciation	233,839	48,287
		233,839	48,287
		---------	----------
	At 31 December	651,384	417,545
		======	======

11.2 ***Available for sale financial assets***

The fair value of the quoted equity shares is determined by reference to published price on the Nigeria Stock Exchange.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Based on these criteria, the Company identified an appreciation of ₦233,839 on available-for-sale investment quoted equity securities, which is recognised within other operating income in the income statement.

Determination of fair value and fair values hierarchy

The Company used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company.

Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

11.3 **Financial asset mandatorily measure at FVTPL**

			Total fair
	Equity securities	**Level 1 ₦**	**Value ₦**
	31 December, 2021	417,545	651,384
		======	======
	31 December, 2020	369,258	417,545
		======	======

		2021	**2020**
		₦	**₦**
12.	Rent receivable (12.1)	30,345,270	39,044,342
	Other receivables **(**12.2)	10,576,225	12,577,280
		40,921,495	51,621,622
		========	========
12.1	**Rent receivable**		
	Ace cladding	59,957,207	62,570,562
	Dotrabik	200,000	100,000
	EHFC	100,000	100,000
	Metropolitan Studio	366,667	
	Swiss colour	500,000	500,000
		61,123,874	63,270,562
	Expected credit loss allowance	(30,778,604)	(24,226,220)
		30,345,270	39,044,342
		=========	=========
12.2	**Other receivables**		
	Sundry debtors	18,220,672	15,588,894
	Expect credit loss allowance	(7,644,447)	(3,011,614)
		10,576,225	12,577,280
		==========	==========
13.	**Cash and cash equivalents – current**		
	Bank balance (Note 13.1)	14,963,031	500,950
	Petty cash	47,380	86,878
		15,010,411	587,828
		==========	=======
13.1	Sterling bank	5,019	6,042
	Access Bank	14,958,012	494,908
		14,963,031	500,950
		===========	========

14. **Financial liability**

14.1	***Trade and other payables- current***		
	Dividend payable (Smurfit overseas)	15,012,000	14,112,000
	Statutory deductions	2,998,099	2,862,850
	Unclaimed dividend	3,395,435	3,395,435
	Other payables	9,018,280	9,433,280
		30,423,814	29,803,565
		========	========

		2021	2020
		₦	₦
15.	**Deferred income**	12,344,552	10,200,097
		========	========
	Current	12,344,552	10,200,097
	Non-current	-	-
		12,344,552	10,200,097
		========	========

Deferred income represents prepaid rent by tenants of the company's leasehold investment property.

		2021	2020
16.	**Share capital**		
	Authorised		
	50,000,000 ordinary shares of ₦0.50 each	25,000,000	25,000,000
		========	========
	Issued and fully paid		
	45,000,000 ordinary shares of ₦0.50 each	22,500,000	22,500,000
		========	========
17.	**Share premium**		
	At 31 December	1,151,920	1,151,920
		=======	=======
18.	**Asset revaluation reserve**		
	At 1 January	81,018,020	81,018,020
	Transfer from statement of other Comprehensive income	-	-
		81,018,020	81,018,020
		========	========
19.	**Retained earnings**		
	At 1 January	(12,021,679)	(14,906,491)
	Profit for the year	7,434,656	7,384,812
	Dividend paid	(3,600,000)	(3,600,000)
	Dividend declared unpaid	(900,000)	(900,000)
		(9,087,023)	(12,021,679)
		=========	=========

19.1 In respect of the current year, the directors propose that a dividend of 10 kobo per ordinary share will be paid to the shareholders. The dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Dividend to shareholders is now accounted for on the date of declaration as they do not meet the criteria of present obligation in accordance with the International Accounting Standards. The shareholders whose names appear on the register of members as at closure date. The total estimated dividend to be paid is ₦4.5 million subject to relevant remitting taxes

20. **Related party disclosures**

Transactions with related parties
The Company did not enter into any transactions with its fellow related entities and other key management personnel in the normal course of business during the year.

1. **Compensation of key management personnel**
Key management personnel of the Company includes all directors, executive and non–executive, and senior management. The summary of compensation of key management personnel for the year is, as follows:

	2021	2020
	₦	₦
Other allowance	1,600,000	1,250,000
Fee	1,100,000	1,350,000
Total compensation of key management personnel	2,700,000	2,600,000
	=======	=======
Chairman	350,000	350,000
	======	======

2. The number of Directors excluding the chairman who received fees and other emoluments in the following ranges:

	2021	2020
₦	Number	Number
150,000	-	-
250,000 and above	4	4
	=====	=====

21. **Information relating to Employees**

(i) The average number of persons employed by the company during the financial year was as follows:

	2021	2020
	Number	Number
Administration	3	3
	====	====

(ii) Number of employees excluding Directors in respect of emoluments excluding allowances within the following ranges were:

	2021	2020
₦	Number	Number
100,000 – 500,000	1	1
500,001 – 1,000,000	1	1
Above 1,000,000	1	1
	3	3
	====	=====

22. **Risk management policies**

(a) **Governance framework**

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

Risk management structure

The company's Investment Committee is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund. The principle that guides the management on risk are:

1. **Effective balancing of risk and reward** by aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive and detective controls.

2. **Shared responsibility for risk management** as business segments are responsible for active management of their risks, with direction and oversight provided by company Risk Management and other corporate support groups.

3. **Business decisions are based on an understanding of risk** as we perform rigorous assessment of risks in relationships, products, transactions and other business activities.

4. **Avoid activities that are not consistent with our Values**, Code of Conduct or Policies, which contributes to the protection of our reputation.

5. **Proper focus on clients reduces our risk**s by knowing our clients and ensuring that the services we provide are suitable for and understood by our clients.

Risk mitigation

The company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The company uses instruments for trading purposes and in connection with its risk management activities.

The Investment Manager assesses the risk profile before entering into economic investment transactions. The effectiveness of investment is assessed by the Board of Directors. In situations of ineffectiveness, the Investment Manager is instructed to enter into a new investment to mitigate risk on a continuous basis, thereby restructuring or closing out the already existing investment.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, and available-for-sale investments.

Interest rate risk

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

Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the company's investments in equity securities, from equity securities sold. The maximum exposure to equity price risk at the reporting date is the carrying value stated below:

	2021	2020
Listed securities	**₦**	**₦**
First Bank of Nigeria Plc	579,348	363,362
PZ	55,871	40,138
Ecobank Plc	16,165	14,045
Total available-for-sale financial	651,384	417,545
	======	======

Credit risk

Credit risk is the risk that the company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties/tenants.

The company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The source of the company credit risk includes trade receivable, staff loans and deposits with banks.

Loans and other receivables

The maximum exposure to credit risk at the reporting date is the carrying value stated below:

	2021	2020
	₦	₦
Sundry debtors	40,921,495	51,621,622
	========	========

Operational risks

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Contingency plans

- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

23. **Cash flow reconciliation**

i. ***Operating profit before working capital changes:***

	Note	2021	2020
		₦	₦
Profit before tax		9,127,023	9,688,403
Adjustments for items not involving movement of cash:			
Depreciation of property, plant and equipment	9	412,500	500,000
Amortization of investment property	10	3,988,445	3,496,183
Appreciation on equity investment	11	(233,839)	(48,287)
		13,294,129	13,636,299
		========	========

ii. **Working capital changes:**

	Note	2021	2020
Decrease/(Increase) in loans and receivables	12	10,700,127	3,180,158
(Decrease)/Increase in trade and other payables	14	620,249	(393,435)
Increase/(Decrease) in deferred income	15	2,144,455	(508,710)
		13,464,831	2,278,013
		=======	=======

24. **Events after the reporting period**

No material transactions has occurred after the reporting period requiring disclosure in or adjustment to the financial statements for the year ended 31 December, 2021.

25. **Capital commitments and contingent liabilities**

The company was involved in litigation as 2nd defendant with respect to the lease agreement with the registered trustees of Evangelical Church of West Africa (ECWA) which is the 1st defendant.

The court ruled on 21 May 2019 that:

a. The piece and parcel of land belongs to the claimants

b. The assigned portion of land in dispute which is occupied by the 2nd defendant (Smart Products) is null and void for failure of the 1st defendant to obtain the requisite consent of the claimant's family

c. The 2nd defendant is a trespasser on the claimants' family land situated at No 373 Agege Motor Road Mushin Lagos State.

The proof of consent was contingent upon the appeal being actioned however, the probable liability cannot be established as at the reporting date.

26. **Comparative Figure**

Certain prior year balances have been reclassified to conform to current year presentation format.

27. **Approval of financial statements**

The Board of Directors approved these financial statements on 29 March, 2022.

OTHER NATIONAL DISCLOSURES

SMART PRODUCTS NIGERIA PLC

STATEMENT OF VALUE ADDED

	2021 ₦	%	2020 ₦	%
Total revenue	**54**,841,828		49,427,474	
Bought-in-materials and services	(28,543,627)		(24,051,569)	
Value added	**26,298,201**	**100**	**25,375,905**	**100**
	=========	===	=========	===
Distribution				
Employees -				
Personnel cost	8,270,233	31	7,191,318	28
Government -				
Current taxation	1,315,797	5	1,258,600	5
In payment to providers of capital -				
Dividend to shareholders	4,500,000	17	4,500,000	18
Retained for the Future -				
Depreciation and amortization	4,400,945	17	3,996,184	16
Deferred taxation	376,570	1	1,044,991	4
Retained profit	7,434,656	29	7,384,812	29
Value added	**26,298,201**	**100**	**25,375,905**	**100**
	========	===	========	===

Value added is the wealth the company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among the employees, shareholders, government and that re-invested for the future creation of more wealth.

SMART PRODUCTS NIGERIA PLC

FIVE-YEAR FINANCIAL SUMMARY

	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000	2017 ₦'000
Total revenue	**54,842**	**49,427**	**49,842**	**49,580**	**43,946**
	=====	=====	=====	=====	=====
Profit before taxation	9,127	9,688	7,989	15,073	9,664
Taxation	(1,692)	(2,303)	(2,558)	(3,233)	(961)
Profit after taxation	**7,435**	**7,385**	**5,431**	**11,840**	**8,703**
	======	=====	=====	=====	=====
Statement of financial position					
Investment properties	123,642	121,494	113,041	107,407	99,390
Properties, plant and equipment	1,788	500	1,000	1,680	202
Available for sale financial assets	651	417	369	526	611
Deferred tax asset	-	-	277	1,467	1,251
Loans and other receivables	40,922	51,622	54,802	54,664	51,273
Cash and cash equivalents	15,010	588	222	202	10,063
	182,013	**174,621**	**169,711**	**165,946**	**162,790**
Creditors, provision and charges	(86,430)	(81,973)	(79,948)	(74,864)	(70,407)
Total net assets	**95,583**	**92,648**	**89,763**	**91,082**	**92,383**
	======	======	=====	=====	=====
Share capital	22,500	22,500	22,500	22,500	22,500
Asset revaluation reserve	81,018	81,018	81,018	81,018	81,018
Share premium	1,152	1,152	1,152	1,152	1,152
Revenue reserve	(9,087)	(12,022)	(14,907)	(13,588)	(12,287)
Shareholders' fund	**95,583**	**92,648**	**89,763**	**91,082**	**92,383**
	======	======	======	======	======
Per share data (adjusted):					
Earnings (in kobo)	17	16	12	26	19
Net assets per share (in kobo)	212	206	199	202	205
	===	===	===	===	===
Dividend per share (in kobo)	10	10	10	7.5	15
	===	===	===	====	===

Note: Earnings and net assets per share are based on the number of issued ordinary shares as at 31 December, 2021