

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
PROFESSIONAL LEVEL EXAMINATION – PILOT QUESTIONS AND ANSWERS 2025

CASE STUDY

Time Allowed: 4 hours (including reading time)

INSTRUCTION: YOU ARE TO USE CASE STUDY ANSWER BOOKLET FOR THIS PAPER

PRE-SEEN

This material is issued prior to the examination date to enable candidates familiarise themselves with the case scenario, so as to undertake any research and analysis they think fit. This pre-seen part of the Case Study examination is also published on the Institute's website: www.ican.org/students.

You **MUST NOT** bring this material with you to the Examination Hall. On receipt of the material, you are to spend the few days to the examination date to familiarise yourself with the information provided, carry out additional research and analysis about the industry and analyse the financials provided in preparation for the examination. Candidates should note that the use of pre-seen part of the Case Study will not significantly help them in their preparation for this examination. It is essential that they carry out sufficient analysis on their own in order to have a good understanding of the pre-seen part of the case scenario.

At the start of the examination, candidates will receive the complete case scenario, which will include both the pre-seen and the unseen, which includes the requirements. You must use the answer paper provided by ICAN in the Examination Hall. Any solution presented with other papers **WILL NOT** be assessed.

Assessment of the Case Study

The marks in the Case Study examination are awarded for professional skills and are approximately allocated as follows:

▶ Assimilating and using information	20%
▶ Structuring problems and solutions	20%
▶ Applying judgement	20%
▶ Drawing conclusions and making recommendations	20%
▶ Demonstrating integrative and multidisciplinary skills	10%
▶ Presenting appropriate appendices	10%

Of the total marks available, 20% are awarded for the executive summary and approximately 10% for the relevant discussion of ethical issues within your answers to the requirements. Although ethical issues do not form a specific requirement, as this is deemed to have been tested in other subjects of

the ICAN professional examination, but will be tested within a requirement which may include the following areas:

- ▶ Lack of professional independence or objectivity;
- ▶ Conflicts of interest among stakeholders;
- ▶ Doubtful accounting and or creative accounting practice;
- ▶ Unethical business/commercial practice; and
- ▶ Inappropriate pressure to achieve a reported result.

Candidates should note that marks are not awarded for just simply restating facts from the case scenario, but marks are awarded for demonstrating professional skills and technical depth. Therefore, to succeed, candidates are required to:

- ▶ Show sufficient evidence of knowledge of the case scenario;
- ▶ Be able to carry out appropriate analyses of the issues involved and suggest feasible solutions to the problems identified;
- ▶ Demonstrate ability to make informed judgement on the basis of analyses carried out; and
- ▶ Generate reasoned conclusions upon which relevant recommendations are made.

Any candidate that omits any one of these will have a slim chance of success in the examination.

Pilot Case Study 2: BioShield Naturals Limited

List of exhibits

- Exhibit 1: About you (Ropo Olaolu) and your employer, BioShield Naturals Limited (BSN)
- Exhibit 2: An appraisal of the Nigerian economy and business environment
- Exhibit 3: BioShield Naturals Limited (BSN)

About you (Ropo Olaolu) and your employer, BioShield Naturals Limited (BSN)

You are **Ropo Olaolu**, writing the Professional level of ICAN examination. You are employed as Finance and Business Analyst by BioShield Naturals Limited (BSN). You are reporting to Jacob Ndume, the company's Director of Finance and Strategy.

Your responsibilities include:

- Preparing detailed financial analyses and reports on the performance of the company;
- Analysing company's financial statements to identify areas of weakness and proffering likely solutions to correct the anomalies;
- Assessing operational and strategic business proposals to see how each aligns with the company's strategic objectives and its impact on its business and financial risks;
- Assessing the company's financial and business forecast together with the assumptions upon which they are based to form judgements, conclusions and recommendations in form of reports to the board;
- Analysing the company's internal and external business environments and advising the board on the company's strengths and weaknesses, compared with the competitors, and opportunities and threats prevalent in the environment;
- Advising the board and management on sustainability issues and assisting in the preparation of the company's annual sustainability report to stakeholders; and
- Drafting reports for your boss, based on the operational and strategic business analyses you have carried out.

These responsibilities demand that you keep yourself abreast of the developments in the accounting and taxation space, and the business environment, both nationally and internationally, to be able to carry out the above tasks effectively.

An appraisal of the Nigerian economy and business environment

Nigeria is the most populous nation in Africa and has the largest economy. The country presents a complex and dynamic landscape for both domestic and international businesses.

Nigeria presents a mixed bag of opportunities and challenges for businesses. While the country possesses significant potential due to its large market, abundant resources, and entrepreneurial spirit, it also faces serious obstacles, such as infrastructure deficits, corruption, insecurity, and policy inconsistency. Success in the Nigerian market requires a long-term perspective, a deep understanding of the local context, and a willingness to navigate the complexities of the business environment. By addressing the key challenges and leveraging the available opportunities, Nigeria can unlock its full economic potential and create a more prosperous future for its citizens.

Overview of the Nigerian economy

Gross domestic product (GDP) and growth: Nigeria's GDP is heavily reliant on the oil sector, which accounts for a significant portion of its revenue and exports. However, the non-oil sector, particularly, agriculture, telecommunications, and services, is increasingly contributing to growth. Recent years have seen fluctuating growth rates, often influenced by oil price volatility and broader global economic conditions.

Population and demographics: With a youthful and rapidly growing population, Nigeria boasts a large consumer market and a potential workforce. However, this demographic dividend is challenged by high unemployment and underemployment rates, especially among young people. Many young people in Nigeria today are turning to crime, especially, cybercrime due to lack of employment opportunities and the desire to get rich quick.

Currency and exchange rate: The Naira has faced persistent devaluation pressures due to factors like declining foreign exchange reserves and over-reliance on oil revenues. But with the abrogation of multiple exchange rates by the current administration, the Naira exchange rate is becoming more stable.

Inflation: Nigeria has struggled with high inflation rates, driven by factors such as supply chain disruptions, currency devaluation, and increased demand. This erodes purchasing power and increases the cost of doing business.

Key sectors of the economy

The following are the key sectors of the Nigerian economy:

Oil & Gas: This is the dominant sector of the economy, but the sector is currently facing challenges from declining production, pipeline vandalism, and global energy transition;

Agriculture: This sector is a significant employer of labour, with potential for growth through modernisation, improved access to finance, and better infrastructure;

Telecommunication: This sector is experiencing rapid growth driven by increasing mobile penetration and internet usage;

Financial services: There is a relatively well-developed banking sector, but access to finance remains a challenge for small and medium enterprises (SMEs);

Manufacturing: This sector has a potential for growth, but this growth has been stunted by infrastructure deficits, high energy costs, and reliance on imports; and

Retail: This is an expanding sector driven by a growing middle class and increasing urbanisation.

Business Environment

Strengths: The following are noticeable strengths of the Nigerian economy:

- a. **Large market:** Vast and growing population provides a significant consumer base;
- b. **Abundant natural resources:** Rich in oil, gas, minerals, and agricultural resources;
- c. **Entrepreneurial spirit:** Nigerians are known for their resilience, innovation, and entrepreneurial drive;
- d. **Strategic location:** Important gateway to West Africa and a hub for regional trade;
- e. **Growing technology sector:** Flourishing tech ecosystem with increasing investment and innovation;
- f. **Relatively educated workforce:** Significant number of graduates and skilled workers available, though often requiring further training; and
- g. **Improving regulatory framework (in some areas):** Some efforts to simplify business registration and improve the ease of doing business.

Weaknesses in the Nigerian economy

The following are the identified weaknesses in the Nigerian economy:

- a. **Infrastructure deficit:** Poor power supply, inadequate transportation networks (roads, railways, ports), and limited access to clean water;
- b. **Corruption:** Pervasive corruption at various levels of government and society, increasing the cost of doing business and undermining trust;
- c. **Insecurity:** Security challenges in various regions, including Boko Haram insurgency in the Northeast, banditry in the Northwest, farmer-herder clashes in the Middle Belt, and militancy in the Niger Delta;
- d. **Policy inconsistency:** Frequent changes in government policies create uncertainty and discourage long-term investment;

- e. **High cost of doing business:** Driven by infrastructure deficits, corruption, bureaucratic bottlenecks, and multiple taxation. However, with the recent passage of the tax reform bill by the National Assembly, it is expected that multiple taxation will become a thing of the past;
- f. **Limited access to finance:** Especially for SMEs, struggling to obtain loans due to high interest rates and collateral requirements;
- g. **Inefficient bureaucracy:** Complex and lengthy procedures for permits, licences, and other regulatory approvals;
- h. **Weak rule of law:** Inconsistent enforcement of contracts and property rights, undermining investor confidence; and
- i. **High unemployment:** Significant unemployment and underemployment, especially among youths.

Opportunities for business

Diversification of the economy: Shifting away from oil dependence and focusing on agriculture, manufacturing, and services. Efforts to diversify the economy away from oil dependency are expected to bear fruit. The agriculture sector, technology, manufacturing, and services are crucial for driving growth. By 2025, sectors like fintech and Agri-tech could witness substantial growth, support job creation and enhance productivity;

Emphasis on agricultural technology and sustainable practices may lead to increased productivity and food security, reducing import dependence;

Investment in infrastructure: Government efforts to improve infrastructure through public-private partnerships and attracting foreign investment;

Development of the agricultural sector: Modernising agriculture, improving value chains, and boosting food production;

Growth of the technology sector: Leveraging the growing tech ecosystem to develop innovative solutions for various sectors. The tech ecosystem in Nigeria has seen significant growth in recent years, with startups gaining international attention. By 2025, leveraging technology in various sectors (like health, education, and finance) can improve efficiency and market reach. The rise of digital banking and e-commerce platforms will enhance financial inclusion, enabling more citizens to participate in the economy;

Expanding manufacturing sector: Promoting local manufacturing through incentives, infrastructure development, and import substitution;

Regional trade opportunities: Benefiting from the African Continental Free Trade Area (AfCFTA) to expand trade within Africa. Participation in regional trade agreements, such as, AfCFTA may enhance intra-African trade, providing new markets for Nigerian goods and services. Increased trade relations with neighbouring countries could boost economic prospects;

Renewable energy investments: Developing renewable energy sources, such as solar and wind, to address the power deficit;

Demographic dividend: Nigeria has one of the youngest populations globally. Initiatives aimed at youth employment to harness this demographic dividend can be pivotal in stimulating economic activity and innovation. Harnessing the youthful population by investing in education, skills development, and job creation;

Financial inclusion: Expanding access to financial services for the unbanked population through innovative technologies; and

Asset performance: Continued recovery of commodity prices, especially in agriculture and minerals, could positively impact government revenues, public spending, and overall economic activity.

Threats to business

The following are the major threats in the Nigerian economy:

Oil dependency: Despite diversification efforts, Nigeria remains vulnerable to fluctuations in global oil prices. Any decline in oil prices can negatively impact government revenue and foreign exchange, leading to macroeconomic instability;

Oil Price volatility: Fluctuations in global oil prices impacting government revenue and the economy;

Security risks: Persistent security challenges deterring investment and disrupting business operations. Insecurity, including terrorism and banditry, particularly in the northern regions, may deter investment and disrupt economic activities;

Political instability: Risk of political instability during elections and transitions. Political challenges, including governance issues and potential unrest, can further exacerbate economic vulnerabilities;

Climate change: Impacts on agriculture, water resources, and infrastructure, exacerbating existing challenges;

Global economic conditions: Nigeria's economic prospects are also influenced by global economic conditions, such as changes in demand for oil, shifting trade relations, and geopolitical tensions. Fluctuations in the global economy can lead to instability in Nigeria's markets and economic forecasts;

Currency devaluation: Further depreciation of the Naira increasing import costs and fuelling inflation;

Rising debt levels: Increasing government debt burden limiting fiscal space for development;

Regulatory uncertainty: Inconsistent or unpredictable regulatory changes undermining investor confidence;

Competition from other African economies: Increased competition from other African countries vying for foreign investment, hindering economic growth;

Infrastructure deficiencies: Inadequate infrastructure, particularly in power and transportation, continues to impede economic growth. Slow progress in addressing this gap may stifle the development of manufacturing and services;

High inflation rates: Nigeria has faced persistent inflation, driven by currency depreciation, supply chain disruptions, and rising food prices. If inflation remains high, consumer purchasing power will diminish, affecting overall economic growth and living standards;

Unemployment and underemployment: Despite potential job creation from investment and diversification, existing high rates of unemployment (particularly among the youths) pose a significant social and economic challenge. Without effective job creation strategies, discontent among young Nigerians may grow; and

Corruption and governance issues: Corruption remains a significant obstacle in Nigeria. Weak institutions and bad governance can undermine economic policies, deter investment, and result in inefficient resource allocation.

Key challenges for businesses

Navigating regulatory hurdles: Dealing with complex and time-consuming regulatory processes;

Managing corruption: Avoiding corrupt practices while operating in a challenging business environment;

Securing reliable power supply: Investing in alternative power sources to mitigate the unreliable power grid;

Dealing with infrastructure deficiencies: Addressing transportation bottlenecks and other infrastructure challenges;

Accessing finance: Obtaining loans and other forms of financing from banks and other financial institutions;

Recruiting and retaining skilled labour: Finding and retaining qualified employees in a competitive labour market;

Managing security risks: Implementing security measures to protect employees, assets, and operations;

Staying abreast of policy changes: Keeping up with frequent changes in government policies and regulations; and

Competing with informal sector: Dealing with competition from unregulated businesses in the informal sector.

BioShield Naturals Limited (BSN)

BioShield Naturals Limited (BSN) was incorporated in January 2025 with a focus on developing and manufacturing environmentally friendly and human-health-conscious mosquito repellent products.

Background

BSN was founded in 2025 by a group of Nigerian entrepreneurs concerned about the over-use of harmful chemicals in mosquito repellents and their impact on human health and the environment. They saw a gap in the market for effective, safe, and sustainable alternatives. This group was led by Dr. Amos Ashamu who recently retired, as Operations Director of one of the major mosquito repellents manufacturer in the country. He is the chairman of BSN, with 35% stake in the company.

The Challenge

BSN aims to disrupt the existing market dominated by established brands, using DEET and other potentially harmful synthetic chemicals. They are launching a new line of innovative mosquito repellent products formulated with natural ingredients like citronella, eucalyptus, and neem extracts. However, BSN is aware that the challenge lies in convincing consumers, competing with established brands, and building a sustainable and scalable business model.

Innovative Products

BSN's new product line includes:

- **BioSpray:** A plant-based spray repellent effective for up to 6 hours, with a pleasant, non-irritating scent.
- **BioLotion:** A moisturising repellent lotion providing longer-lasting protection (8 hours) and suitable for sensitive skin.
- **BioPatches:** Adhesive patches infused with natural oils, ideal for children and pregnant women, providing localised protection.
- **BioCoils:** Natural mosquito coils made from compressed plant fibres, infused with natural repellent oils, offering a safer alternative to traditional chemical-laden coils.

Production

Sourcing raw materials

Strategy: BSN prioritises sourcing raw materials locally to support local farmers, reduce transportation costs, and minimise their carbon footprint. They partner with local agricultural cooperatives, specialising in organic farming.

Innovation: BSN is exploring the use of agricultural waste, such as rice husks, as a base material for their mosquito coils, further promoting sustainability and reducing waste.

Manufacturing Process

Strategy: BSN operates a medium-scale manufacturing facility in Lagos, equipped with modern machinery that adheres to Good Manufacturing Practices (GMP). The company uses a cold processing technique to preserve the efficacy of the natural ingredients.

Innovation: BSN is investing in automated filling and packaging equipment to improve efficiency and reduce waste. The company is also exploring the use of biodegradable packaging materials.

Quality control

Strategy: BSN implements a rigorous quality control process at every stage of production, from raw material inspection to finished product testing. It partners with an independent laboratory to conduct regular product testing and ensure compliance with NAFDAC regulations.

Innovation: BSN utilises near-infrared spectroscopy (NIRS) to quickly and accurately analyse the composition of raw materials and finished products, enhancing quality control efficiency.

Marketing

Target market

Strategy: BSN targets health-conscious consumers, families with young children, pregnant women, and individuals concerned about the environment. The company focuses on urban and semi-urban areas with higher levels of education and income. It is also partnering with both the government and private hospitals in the country to educate their patients on the benefits of eco-friendly mosquito repellents.

Marketing Channels:

Strategy: BSN employs a multi-channel marketing approach, including:

Digital marketing: Social media marketing (Facebook, Instagram, X (formerly Twitter), search engine optimisation (SEO), online advertising, and influencer marketing;

Traditional marketing: Print advertising in health magazines and newspapers, radio advertising, and participation in health fairs and community events; and

Retail partnerships: Collaborating with pharmacies, supermarkets, health food stores, and online retailers to distribute their products.

Branding and positioning

Strategy: BSN positions itself as a premium brand offering safe, effective, and sustainable mosquito repellent solutions. BSN branding emphasises natural ingredients, scientific validation, and commitment to environmental responsibility. The packaging is eco-friendly and aesthetically appealing.

Pricing

Strategy: BSN employs a premium pricing strategy, reflecting the higher cost of natural ingredients and sustainable manufacturing processes. The company justifies the higher price by emphasising the health benefits, environmental responsibility, and superior quality of their products.

Supply Chain

Logistics and distribution

Strategy: BSN utilises a combination of direct sales, wholesale distribution, and online sales to reach their target consumers. The company partners with a reputable logistics company to ensure timely and efficient delivery of products.

Inventory management

Strategy: BSN utilises a demand forecasting system to optimise inventory levels and minimise stockouts and over-stocking. It implements a First-In, First-Out (FIFO) inventory management system to ensure product freshness.

Supplier relationships

Strategy: BSN builds strong relationships with their suppliers based on trust, transparency, and mutual benefit. The company provides technical assistance to farmers and offers fair prices for their produce. Suppliers are evaluated for adhering to sustainable ethical and social practices in their businesses.

Sustainability

Environmental sustainability

Strategy: BSN is committed to minimising its environmental footprint throughout the entire product lifecycle. This includes sourcing raw materials sustainably, using eco-friendly packaging materials, reducing waste in manufacturing, and promoting responsible disposal of products.

Specific actions

BSN specific sustainability actions include:

- Sourcing certified organic and sustainably grown raw materials;
- Using biodegradable and recyclable packaging materials;
- Implementing waste reduction and recycling programmes in the manufacturing facility; and
- Educating consumers on responsible disposal of products and packaging.

Social sustainability:

Strategy: BSN is committed to creating a positive social impact by supporting local communities, providing fair wages and working conditions to employees, and promoting ethical sourcing practices.

Specific actions

BSN's specific actions include:

- Partnering with local farmers and cooperatives to provide economic opportunities and promote sustainable agriculture;
- Offering fair wages, benefits, and training opportunities to employees;
- Ensuring safe and healthy working conditions in the manufacturing facility; and
- Supporting community development projects related to health and education.

Economic sustainability:

Strategy: BSN is committed to building a profitable and sustainable business that can provide long-term value to its stakeholders. This includes managing costs effectively, investing in innovation, and building strong customer relationships.

Specific actions

BSN's specific actions include:

- Implementing efficient production processes to minimise costs;
- Investing in research and development to create new and innovative products;
- Building strong customer relationships through excellent customer service and personalised marketing; and
- Diversifying their product portfolio to reduce reliance on a single product category.

By prioritising environmental and social responsibility, BSN is not only creating a healthier and safer environment for Nigerians but also contributing to the sustainable development of the local economy. The company's commitment to innovation and ethical business practices positions BSN for long-term success in a rapidly growing market. The key will be continuous monitoring, adaptation, and a relentless focus on delivering value to both consumers and the environment.

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Pilot Case Study 2: BioShield Naturals Limited (BSN)

List of exhibits

The following exhibits are newly provided and did not form part of the materials provided as Pre-seen:

- Exhibit 4: Email from Jacob Ndume to Ropo Olaolu
- Exhibit 5: Environmental Analysis of the mosquito repellent industry in Nigeria
- Exhibit 6: 3-year projected financial statements
- Exhibit 7: BioShield Natural Limited - First half year results

BioShield Naturals Limited (BSN): Case Study requirement

You are **Ropo Olaolu**, writing the Professional level of ICAN examination. You are employed as Finance and Business Analyst by BioShield Naturals Limited (BSN). You are reporting to Jacob Ndume, the company's Director of Finance and Strategy.

Requirement

You are required to prepare a draft report, as set out in the email dated 17 July, 2025 from Jacob Ndume to you (**exhibit 4**). Your report should comprise the following:

- ▶ An executive summary
- ▶ Responses to the two detailed requirements set out in exhibit 5, including appropriate appendices.

State clearly any assumptions you have made. All workings should be attached to your answer.

The following time allocation is suggested:

- | | |
|--|---------|
| ▶ Reading and planning | 1 hour |
| ▶ Performing calculations and financial analysis | 1 hour |
| ▶ Drafting report | 2 hours |

Marks allocation

All of the marks in the Case Study are awarded for demonstration of professional skills, allocated broadly as follows:

Applied to the four elements of your report (as described above)

- | | | |
|--|------------|-----|
| ▶ Assimilating and using information | 20% | |
| ▶ Structuring problems and solutions | 20% | |
| ▶ Applying judgement | | 20% |
| ▶ Drawing conclusions and making recommendations | <u>20%</u> | 80% |

Applied to your report as a whole:

- | | | |
|--|-----|-------------|
| ▶ Demonstrating integrative and multidisciplinary skills | 10% | |
| ▶ Presenting appropriate appendices | | <u>10%</u> |
| | | <u>100%</u> |

Of the total marks available, 20% are awarded for the executive summary and approximately 10% for the relevant discussion of ethical issues within your answer to the requirements.

Ensure that you address the two requirements in your report or failure to address any requirement, including not submitting an executive summary will affect your chances of success. In addition, as indicated above, all four skills areas will be assessed under each of the four elements of your report. Accordingly, not demonstrating your judgement or failing to include appropriate conclusions and/or recommendations in your report will adversely affect your chances of success.

Email from Jacob Ndume to Ropo Olaolu

From: Jacob Ndume

Sent: 17 July 2025

To: Ropo Olaolu

Subject: Evaluation of financial projections and strategies

You will recollect that at the last board meeting, we were directed to present a paper evaluating the company's 3-year financial projections prepared by the company's financial advisers, vis-a-vis our operational results in the first six months of our operation. The purpose is to ensure that the financial projections will be met, or we need to think with our strategies and business model to achieve the initial projections.

We are also required to evaluate the business environment together with our strategies, to confirm that we shall be able to deliver on our financial projections through the products offering and strategies put in place. We are to recommend metrics and targets the company should put in place to evaluate its sustainability footprints constantly, to enable the company deliver on its sustainability promises.

Therefore, I want you to draft for my review, a board paper containing:

1. Evaluation of BSN's 3-year financial projections and compare them with our first half year results, using only profitability, management efficiency and short term liquidity ratios. Your comment should include the ability of the company to meet the financial projections at the end of the first year and recommendations on areas where improvement is needed;
2. Evaluation of the company's strategies in the light of the economic and business environments the company is operating in, and confirm whether the strategies are adequate, or we need to revise the strategies. Also, recommend the metrics and target the company is to put in place to constantly monitor its sustainability practices and ensure they comply with the relevant sustainability standards.

Please ensure the draft board paper gets to me in the next two weeks, as you know that the next board meeting is coming up in three weeks' time and I need to review the paper before submitting to the board.

I know I can always count on you.

Jacob

Environmental analysis of the mosquito repellent industry in Nigeria

A Business Analyst has provided an analysis of the business environment of the mosquito repellents industry in the country.

Government policies and regulations:

Nigeria relies heavily on imported mosquito repellents, making the industry susceptible to changes in import duties, tariffs, and trade agreements. Government policies aimed at promoting local manufacturing (for example, the "Made in Nigeria" policy) can incentivise local production of repellents.

The National Agency for Food and Drug Administration and Control (NAFDAC) regulates the production, importation, and sale of mosquito repellents. Compliance with NAFDAC regulations is crucial, influencing product formulations, labelling, and market access. Stringent standards can adversely impact production costs, but, they also ensure consumer safety.

The Government also introduced initiatives aimed at malaria control (for example, distribution of insecticide-treated nets (ITNs), indoor residual spraying (IRS)), which have indirectly influenced the demand for other repellent products. Success in these programmes could potentially reduce overall demand, while setbacks might increase it.

Other problems in the country are the challenges associated with corruption and bureaucratic processes within government agencies, thus, affecting approvals, licensing, hindering the ease of doing business and enforcement of regulations.

Political instability and insecurity, particularly in certain regions, have the potential of disrupting supply chains, limit market access, and create an uncertain investment environment.

Nigeria's economic growth directly impacts consumer spending power. A growing economy generally leads to increased demand for mosquito repellents, as individuals have more disposable income to spend on health and well-being. For some time, the Nigerian economy had been experiencing stagnation, but presently, the economy is showing some growth potentials.

Nigeria has experienced fluctuations in the exchange rate, particularly between the Nigerian Naira and the US Dollar, until about a year ago, that the exchange rate has been relatively stable. However, in the past two years, Nigeria has experienced its worst inflationary rates in the recent past.

Another feature of the Nigerian economy is the high unemployment rate which has reduced effective demand in the country.

In the past two years, interest rate has gone up significantly, thus limiting access to finance by small and medium enterprises in the country.

Poor infrastructure and logistic challenges remain a problem in the country, including the menace of banditry and kidnapping, which have been affecting distribution of manufactured products across the country.

There has been an increase in public awareness regarding the dangers of mosquito-borne diseases (malaria, Zika virus, dengue fever and chikungunya). Public health authorities have also stepped-up education of on how to put an end to the menace of health challenges arising from mosquito bites.

In the country, traditional beliefs about causes and prevention of disease play important roles in the methods of dealing with health issues, as some tribes in the country prefer traditional methods over commercial products.

Urbanisation and changes in lifestyle (for example, increased outdoor activities, travel) contribute to the demand for some products in the country.

Nigeria has a large and growing population, coupled with a high birth rate, which create a significant market potential for consumer products.

Research into locally sourced ingredients and sustainable manufacturing processes is crucial for manufacturers because of shortage of foreign exchange for imports of inputs and government policies on local contents.

New technologies have rapidly been introduced, therefore, local manufacturers competing with established international brands, must invest in modern automated manufacturing plants.

The use of digital marketing channels (for example, social media and online advertising) and e-commerce platforms have come to stay in the country as a means of enhancing market reach and improving customer engagement.

Emerging technologies in mosquito control, such as genetically modified mosquitoes or Wolbachia-infected mosquitoes, could potentially impact the demand for traditional repellents in the long run.

Manufacturers in the country must know the laws and regulations affecting manufacturing businesses in Nigeria. These include:

- Product liability laws;
- Environmental regulations;
- Labour laws; and
- Intellectual property rights.

The following factors must also be put into consideration by manufacturers operating in the country:

- Climate change;
- Waste management;
- Deforestation and land use change; and
- Public perception of environmental impact.

BioShield Natural Limited
3-Year financial projections

Statement of financial position as at December 31:

	Year 3 \$million	Year 2 \$million	Year 1 \$million
Assets			
Property, plant and equipment	494	480	473
Right of use asset	3	3	8
	<u>497</u>	<u>483</u>	<u>481</u>
Inventories	550	358	228
Trade and other receivables	65	52	40
Deposit for imports	-	8	15
Prepayments and advances	34	26	145
Other financial assets	75	43	60
Cash and cash equivalent	35	132	82
	<u>759</u>	<u>619</u>	<u>570</u>
Total assets	<u>1,256</u>	<u>1,102</u>	<u>1,051</u>
Equity			
Share capital	24	24	24
Share premium	106	106	106
Retained earnings	216	113	35
Total equity	<u>346</u>	<u>243</u>	<u>165</u>
Non-current liabilities			
Loans and borrowings	<u>500</u>	<u>600</u>	<u>700</u>
	500	600	700
Current liabilities			
Loans and borrowings	100	100	100
Current tax liabilities	86	55	30
Trade and other payables	224	104	56
	410	259	186
Total liabilities	<u>910</u>	<u>859</u>	<u>886</u>
Total equity and liabilities	<u>1,256</u>	<u>1,102</u>	<u>1,051</u>

BioShield Natural Limited
Statement of profit or Loss

	Year 3	Year 2	Year 1
	¥ million	¥ million	¥ million
Revenue	1,790	1,318	1,055
Cost of sales	(1,153)	(869)	(721)
Gross profit	637	449	334
Other income	20	21	4
Selling and distribution expenses	(105)	(83)	(50)
Administrative expenses	(310)	(195)	(155)
	-	-	-
Operating profit	242	192	133
Finance income	7	11	12
Finance costs	(60)	(70)	(80)
Profit before tax	189	133	65
Income tax expense	86	55	30
Profit for the year	103	78	35

BioShield Natural Limited
First half year results

Income statement summary
For half year ended June 30:

	2025 ¥million
Revenue	275
Cost of sales	(181)
Gross profit	94
Other income	1
Selling and distribution expenses	(35)
Administrative expenses	<u>(56)</u>
	-
Operating profit	4
Finance income	2
Finance costs	<u>(20)</u>
Profit before tax	(14)
Income tax expense	<u>4.2</u>
Profit for the year	<u>(9.8)</u>

Statement of financial position as at June 30, 2025

	2025 ¥million
Assets	
Property, plant and equipment	473
Right of use asset	5
	478
Inventories	328
Trade and other receivables	125
Prepayments and advances	55
Other financial assets	30
Cash and cash equivalent	25
	563
Total assets	1,041
Equity	
Share capital	24
Share premium	106
Retained earnings	<u>(9.8)</u>
Total equity	120.2

Non-current liabilities	
Loans and borrowings	<u>700</u>
	700
Current liabilities	
Loans and borrowings	100
Current tax liabilities	(4.2)
Trade and other payables	<u>125</u>
	220.8
Total liabilities	<u>920.8</u>
Total equity and liabilities	<u>1,041</u>

Notes of the half year results:

1. Administrative expenses include ~~N~~10m paid to the Bank of Industry officials to facilitate approval and quick disbursement of the loan of ~~N~~800m.
2. Administrative expenses also include ~~N~~5m paid to the NAFDAC official who came for inspection of the factory as public relations in respect of approval of the company's products.
3. Sales and distribution of two of our products, BioPatches and BioCoils, have been restricted because we are yet to receive NAFDAC's approval for them. At present, the two products have no NAFDAC number. This has affected their sales.