



**FINANCIAL  
STATEMENTS  
FOR THE PERIOD  
ENDED  
30 JUNE 2016**

## **Chemical and Allied Products Plc**

### **Contents**

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

\* Significant accounting policies

\* Other notes to the financial statements

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Statement of comprehensive income**

	Notes	30 June 2016 N'000	30 June 2015 N'000
Revenue	5	3,447,378	3,558,347
Cost of sales		(1,765,937)	(1,685,505)
<b>Gross profit</b>		1,681,441	1,872,841
Selling and distribution expenses		(200,714)	(272,580)
Administrative expenses		(426,734)	(464,373)
Other income	6	42,631	28,191
<b>Operating profit</b>		1,096,625	1,164,080
Finance income	9	50,114	108,627
<b>Profit before taxation</b>		1,146,739	1,272,707
Taxation	10	(366,956)	(404,485)
<b>Profit for the period</b>		779,783	868,222
<b>Other comprehensive income for the period net of taxation</b>		-	-
<b>Total comprehensive income for the period</b>		779,783	868,222
<b>Earnings per share for profit attributable to the equity holders of the company:</b>			
Basic and diluted EPS (kobo)	12	111	124

The notes on pages 7 to 34 are an integral part of these financial statements.

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Statement of financial position**

	Notes	30 June 2016 N'000	31 December 2015 N'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	405,265	410,324
Intangible assets	14	64,747	74,708
Finance lease receivable	16	10,383	10,383
		<b>480,395</b>	<b>495,415</b>
<b>Current assets</b>			
Inventories	15	426,621	679,193
Trade and other receivables	16	710,158	370,248
Cash and cash equivalents	17	1,977,862	1,864,445
		<b>3,114,640</b>	<b>2,913,886</b>
<b>Total assets</b>		<b>3,595,035</b>	<b>3,409,301</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred taxation liabilities	21	55,329	55,329
<b>Current liabilities</b>			
Trade and other payables	18	667,685	550,672
Current income tax liabilities	10	391,213	597,945
Dividend payable	11	820,895	685,221
Borrowing		200,000	
		<b>2,079,793</b>	<b>1,833,838</b>
<b>Total liabilities</b>		<b>2,135,121</b>	<b>1,889,167</b>
<b>Equity</b>			
Ordinary share capital	19	350,000	350,000
Share premium		19,254	19,254
Retained earnings		1,090,661	1,150,879
<b>Total equity</b>		<b>1,459,915</b>	<b>1,520,133</b>
<b>Total equity and liabilities</b>		<b>3,595,035</b>	<b>3,409,301</b>

The financial statements were approved by the board of directors on 19th June 2016.

The notes on pages 7 to 34 are an integral part of these financial statements.

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Statement of Changes in Equity**

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	TOTAL EQUITY N'000
<b>At 1 January 2015</b>	<b>350,000</b>	<b>19,254</b>	<b>811,319</b>	<b>1,180,573</b>
Profit	-	-	-	-
Total comprehensive income:	-	-	1,739,559	1,739,559
<b>Transaction with owners:</b>				
Bonus issue	-	-	-	-
Cost of bonus issue	-	-	-	-
Dividends approved	-	-	(1,400,000)	(1,400,000)
<b>Balance at 31 December 2015</b>	<b>350,000</b>	<b>19,254</b>	<b>1,150,878</b>	<b>1,520,132</b>
Balance at 1 January 2016	350,000	19,254	1,150,878	1,520,132
Profit	-	-	-	-
<b>Total comprehensive income:</b>	-	-	779,783	779,783
<b>Transactions with owners:</b>				
Dividends approved	-	-	(840,000)	(840,000)
<b>Balance at 30 June 2016</b>	<b>350,000</b>	<b>19,254</b>	<b>1,090,661</b>	<b>1,459,915</b>

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Statement of cash flows**

		30 June 2016	30 June 2015
	Notes	N'000	N'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	1,175,629	1,498,619
Tax Paid	10	(573,802)	(173,549)
<b>Net cash flow generated from operating activities</b>		<b>601,827</b>	<b>1,325,069</b>
<b>Cash flows from investing activities</b>			
Interest received on short term bank deposits	9	50,114	108,627
Interest income on finance lease asset	9	-	-
Purchase of intangible assets	14	-	-
Purchase of property, plant and equipment	13	(43,760)	(28,245)
Proceeds from sale of property, plant and equipment		9,562	2,948
<b>Net cash generated from/(used) in investing activities</b>		<b>15,916</b>	<b>83,330</b>
<b>Cash flows from financing activities</b>			
Costs on bonus issue of shares		-	-
Dividends refunded		135,674	697
Dividends paid to shareholders	11	(840,000)	(595,000)
Borrowing		200,000	-
<b>Net cash flow used in financing activities</b>		<b>(504,326)</b>	<b>(594,303)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>113,417</b>	<b>814,096</b>
<b>Net foreign exchange difference-(loss)/gains</b>			
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,864,445</b>	<b>1,091,337</b>
<b>Cash and cash equivalents at the end of the year</b>	17	<b>1,977,862</b>	<b>1,905,433</b>

The notes on pages 7 to 34 are an integral part of these financial statements.

**Notes to the financial statements**

**1. General information**

Chemical and Allied Products Plc ('the Company') is a company incorporated in Nigeria. The Company is involved in the manufacturing and sale of paint. The address of the registered office is 2 Adeniyi Jones Avenue, Ikeja, Lagos.

The company is a public limited company, which is listed on the Nigerian Stock Exchange domiciled in Nigeria.

**2. Summary of significant accounting policies**

**2.1.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have been prepared on a historical cost basis. The policies set out below have been consistently applied to all the years presented.

**Going Concern**

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this financial statements.

**2.1.2 Amended accounting standards adopted**

The following standards have been adopted by the Company for the first time for the financial year beginning on 1 January 2016:

- (a) Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company financial statements.

- (b) ii) Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets.

This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment did not have a significant effect on the Company financial statements.

- (c) iii) IFRIC 21, 'Levies'

IFRIC 21 sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

**Notes to the financial statements**

**2.1.3 New standards, amendments and interpretations not yet adopted**

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

IFRS 9 Financial Instruments  
IFRS 15, 'Revenue from contracts with customers'  
IFRS 14 Regulatory Deferral Accounts

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

IAS 19 Employee Benefits

IFRS 7 Financial Instruments: Disclosures

Amendments to IAS 1- IAS 1 Disclosures Initiative

IFRS 16 - Leases

IAS 12 – Taxes: Recognition of Deferred Tax Assets for Unrealised Losses  
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28  
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28  
IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27

*i) IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities*

The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except



### **2.1.3 New standards, amendments and interpretations not yet adopted (continued)**

*ii) IFRS 15, 'Revenue from contracts with customers'*

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

*iii) IFRS 7 Financial Instruments: Disclosures*

*(i) Servicing contracts*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. The Company is assessing the impact of IFRS 7.

*(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively. The Company is assessing the impact of IFRS 7.

## Notes to the financial statements

### 2. Summary of significant accounting policies (continued)

#### 2.4 Property, plant and equipment

##### PPE componentisation policy

The company componentizes its plant as follows:

Parts	No of years
Plant and machinery	3 to 43 years

These are parts that have costs that are significant in relation to the total cost of the asset. The company identifies the significant parts of the asset on initial recognition in order for it to depreciate the asset properly. An existing part of an asset is derecognised when it is replaced regardless of whether it has been depreciated separately, and the carrying value of the part has been replaced is estimated, if necessary. Where it is not practicable for the company to determine the carrying amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated at cost less any accumulated impairment losses (for land and buildings) and accumulated depreciation (for buildings). All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land and building comprise mainly of factories and offices.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Leasehold properties are depreciated over their useful lives, unless the lease period is shorter, in which case the lease period is used. Depreciation on other fixed assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building on leasehold land	Shorter of useful life and lease terms (44 to 99 years)
Plant and machinery	3 to 43 years
Furniture and fittings	3 to 6 years
Tinting equipment	4 years
Motor vehicles	4 to 6 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

## **Notes to the financial statements**

### **2. Summary of significant accounting policies (continued)**

#### **2.4 Property, plant and equipment (continued)**

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to impairment Note 2.6 for further details).

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement for the period.

#### **2.5 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

##### *Computer software*

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intend to complete the software product and use it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

## **Notes to the financial statements**

### **2. Summary of significant accounting policies (continued)**

#### **2.6 Impairment of non-financial assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

#### **2.7 Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets. All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the company commits to purchase or sell the asset.

##### **Subsequent measurement**

###### **(i) Loans and receivables**

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement profit or loss in finance costs for loan and in the cost of sales or other operating expenses for receivables. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 16 and 17).

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when: The rights to receive cash flows from the asset have expired or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without materials delay under a 'pass through' arrangement; and either (a) the company has transferred substantially all the risks and

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement.

### **Impairment of financial assets**

The company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset, has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### **Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

## Notes to the financial statements

### 2. Summary of significant accounting policies (continued)

#### 2.7 Financial assets

##### 2.7.3 Offsetting financial instruments

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

##### 2.7.4 Impairment of financial assets

###### *Assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

## **Notes to the financial statements**

### **2. Summary of significant accounting policies (continued)**

#### **2.7.5 Trade receivables**

Trade receivables are amounts due from customers for goods sold in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

#### **2.7.6 Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost

##### **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

##### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Notes to the financial statements**

**2. Summary of significant accounting policies (continued)**

**2.8 Inventories**

Inventories are stated at the lower of cost and estimated net realisable value. Cost is calculated based on the actual cost that comprises cost of direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**2.9 Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and in hand plus short-term deposits. Short-term deposits have a maturity of less than three months from the date of acquisition, are readily convertible to cash and are subject to an insignificant risk of change in value.

**2.10 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

**2.11 Current and deferred income tax**

The tax for the period comprises current (company income tax and education tax) and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.



## **Notes to the financial statements**

### **2. Summary of significant accounting policies (continued)**

#### **2.11 Current and deferred income tax (continued)**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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 profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are applicable in the current period. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its tax liabilities on a net basis.

#### **2.12 Employee benefits**

The company operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

##### *(a) Defined contribution schemes*

i) Statutory contributions (Note 8): The Pensions Reform Act of 2014 requires all companies to pay a minimum of 10% of employees monthly emoluments to a pension fund on behalf of all full time employees.

ii) Voluntary contributions (Note 8): The company also contributes on an annual basis a fixed percentage of the employees salary to a fund managed by a fund administrator. The funds are invested on behalf of the employees and they will receive a payout based on the return of the fund upon retirement.

**Notes to the financial statements**

**2. Summary of significant accounting policies (continued)**

**2.12 Employee benefits (continued)**

*(a) Defined contribution schemes (continued)*

The contributions are recognised as employee benefit expenses when they are due. The company has no further payment obligation once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

*(b) Productivity incentive and bonus plans*

All full time staff are eligible to participate in the productivity incentive scheme. The company recognises a liability and an expense for bonuses and productivity incentive, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**2.13 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales related taxes. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

**(i) Sale of goods**

Revenue arises from the sale of paints and other decoratives and is recognised when the risks and rewards associated with ownership are transferred to the buyer. Due to the short term nature of these transactions no significant judgements are required.

**(ii) Interest Income**

Interest income is recognised using the effective interest method.

**(iii) Rendering of services**

Revenue arises from the use of assets and provision of technical support to the agents. Revenue is recognized when services are rendered.

## **2.14 Leases**

### *Finance lease*

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to another party, the lessee, are classified as finance leases. Title may or may not eventually be transferred. Where the company is the lessor, assets subject to finance leases are initially reported as receivables at an amount equal to the net investment in the lease. Lease income from finance lease is subsequently recognised as earned income over the term of the lease based on the effective interest rate method.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date of a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership of the by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

### **Company as a lessor**

Leases in which the company does not transfer substantially all the risks and ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**Notes to the financial statements**

**2. Summary of significant accounting policies (continued)**

**2.15 Fair value measurement**

The Company measures financial instruments, such as, Investment in equity at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**4. Significant judgements and estimates**

**4.1 Significant estimates**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

**4.2 Significant judgements**

No significant judgements were made during the year. There are no assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

**5. Segmental analysis**

**The Company**

The chief operating decision-maker has been identified as the executive directors. The executive directors review the company's internal reporting on monthly income statement and financial position in order to assess performance and allocate resources.

The company's reportable segment has been identified as one i.e. production and sale of paints.

The executive directors assess performance of the operating segment based on profit from operations.

**Entity wide information:**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>N'000</b>	<b>N'000</b>
Analysis of revenue:		
Sale of paint products	3,431,250	3,541,224
Revenue from services	16,128	17,123
	<u>3,447,378</u>	<u>3,558,347</u>

Analysis of revenue by geographical location:

Nigeria	<u>3,447,378</u>	<u>3,558,347</u>
---------	------------------	------------------

**Concentration risk**

Three customers who are agents of the company contributed 32% of the turnover.

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

**6. Other income**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>N'000</b>	<b>N'000</b>
Sale of scrap items	14,705	796
(Loss)/Profit on sale of PPE	2,265	1,211
Management fees	25,661	26,184
Other trading income	0	0
	<b>42,631</b>	<b>28,190</b>

Management fees represent income generated from management services rendered to the agents of the company.

**7. Expenses by nature**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>N'000</b>	<b>N'000</b>
Change in inventories of finished goods and work in progress	1,555,665	1,517,015
Directors' emoluments (Note 8iii)	29,072	32,086
Staff costs excluding directors' emoluments (Note 8i)	289,480	277,517
Auditors' fees	12,863	10,969
Depreciation of fixed assets (Note 13)	41,569	39,634
Royalty fees (Note 24a)	145,725	51,359
Commercial service fees (Note 24b)	38,134	39,278
Computer charges	10,689	7,155
General risk insurance premium	5,828	3,893
Marketing, communication & entertainment	53,877	120,583
Other expenses	210,485	322,970
	<b>2,393,385</b>	<b>2,422,459</b>
Cost of sales	1,765,937	1,685,505
Selling and distribution expenses	200,714	272,580
Administrative expenses	426,734	464,373
	<b>2,393,385</b>	<b>2,422,459</b>

Notes to the financial statements

8. Employee benefits

	30 June 2016	30 June 2015
	N'000	N'000
<b>Staff costs include:</b>		
Wages and salaries	284,313	277,111
Pension costs:		
- Defined contribution plans (Statutory)	17,645	15,898
- Defined contribution plans (Voluntary)	16,593	16,593
	<u>318,552</u>	<u>309,603</u>

Particulars of directors and staff

(i) The company had in its employment during the year the weekly average number of staff in each category below. The aggregate amount stated against each category was incurred as wages and retirement benefit costs during the year.

	30 June 2016	30 June 2015
	N'000	N'000
<b>Costs</b>		
Management	189,446	177,419
Staff	129,106	132,184
<b>Total</b>	<u>318,552</u>	<u>309,603</u>

	30 June 2016	30 June 2015
	Number	Number
<b>Numbers</b>		
Management	91	78
Staff	134	137
	<u>225</u>	<u>215</u>

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

**8. Employee benefits**

(ii) The table below shows the number of employees (excluding directors), who earned over =N=300,000 as emoluments in the year and were within the bands stated.

		<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>=N=</b>	<b>Number</b>	<b>Number</b>
	300,001 - 350,000	1	2
	350,001 - 400,000	-	2
	400,001 - 500,000	-	29
	500,001 - 600,000	24	19
	600,001 - 700,000	25	29
	700,001 - 800,000	14	10
	800,001 - 900,000	24	28
	900,001 - 1,000,000	7	9
	1,000,001 - 1,200,000	27	17
	1,200,001 - 1,400,000	31	5
	1,400,001 - 1,600,000	5	8
	1,600,001 - 1,800,000	3	14
	1,800,001 - 2,000,000	6	4
	2,000,001 - 2,200,000	10	6
	2,200,001 - 2,400,000	5	8
	2,400,001 - 2,600,000	7	2
	2,600,001 - 3,000,000	10	11
	3,000,001 - 4,000,000	14	7
	4,000,001 - 5,000,000	4	4
	5,000,001 - 6,000,000	3	2
	6,000,001 - 7,000,000	2	-
	7,000,001 - 8,000,000	1	1
	9,000,001 - 10,000,000	1	1
	12,000,001 - 13,000,000	-	-
	13,000,001 - 14,000,000	-	-
	14,000,001 - 15,000,000	-	1
	18,000,001 - 19,000,000	1	-
(iii)		<b>225</b>	<b>219</b>
		<b>30 June 2016</b>	<b>30 June 2015</b>
		<b>N'000</b>	<b>N'000</b>
	Fees	588	588
	Passage allowance	18,412	17,055
	Other emoluments	10,072	14,444
		<b>29,072</b>	<b>32,086</b>
(iv)	The Chairman's emoluments	4,786	3,109
(v)	Emolument of the highest paid director	9,689	9,243



**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

**8. Employee benefits**

(vi) The table below shows the number of directors of the company, whose remuneration, excluding pension contributions, fell within the bands shown.

		<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>=N=</b>	<b>Number</b>	<b>Number</b>
1,000,000	- 3,000,000	-	
3,000,001	- 5,000,000		3
5,000,001	- 8,000,000	3	1
8,000,001	- 10,000,000	1	-
12,000,001	- 14,000,000		1
14,000,001	- 16,000,000	-	
16,000,001	- 18,000,000	1	1
		<u>5</u>	<u>6</u>

**Key management compensation**

Key management have been defined as the executive directors.

Key management compensation includes:

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>N'000</b>	<b>N'000</b>
Short-term employee benefits:		
- Wages and salaries	9,188	11,874
- Directors emoluments	1,703	4,282
Post employment benefits:		
- Defined contribution plan	884	952
	<u>11,776</u>	<u>17,107</u>

The above amounts have been included in directors emoluments above.

**9. Finance income**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>N'000</b>	<b>N'000</b>
Interest income on short-term bank deposits	50,114	77,094
Interest income on loan to related party		28,563
Interest income on finance lease assets		2,970
	<u>50,114</u>	<u>108,627</u>

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

**10. Taxation**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>N'000</b>	<b>N'000</b>
<i>Current tax</i>		
<u>Nigeria corporation tax charge for the year</u>	(366,956)	(404,485)
<i>Deferred tax</i>		
Temporary differences, origination and reversal	-	-
Adjustments in respect of prior periods	-	-
<u>Total deferred tax (Note 21)</u>	-	-
<u>Income tax expense</u>	(366,956)	(404,485)

Nigeria corporation tax is calculated at 30% (2013: 30%) of the estimated assessable profit for the year.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>N'000</b>	<b>N'000</b>
<u>Profit before tax</u>	<u>1,146,739</u>	<u>1,272,707</u>
Tax at the Nigeria corporation tax rate of 30% (2013: 30%)	344,022	379,205
Education tax	22,935	25,280
Tax effect of revenue / expenses that are not deductible	-	-
Exempt income	-	-
Deferred tax charge/(writeback) for the year	-	-
Prior period adjustment	-	-
<u>Tax charge for the year</u>	<u>366,956</u>	<u>404,485</u>

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

**10. Taxation (continued)**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>N'000</b>	<b>N'000</b>
<b>Per income statement</b>		
Income tax		783,613
Education tax		55,833
Prior Year Under-Provision		9,998
Deferred taxation (Note 21)	0	(18,981)
	<u>-</u>	<u>830,462</u>
<b>Per statement of financial position:</b>		
Balance 1 January		
Income tax	542,113	736,977
Education tax	55,833	50,719
Capital gains tax	-	-
	<u>597,945</u>	<u>787,695</u>
<b>(Payments)/writeback during the year:</b>		0
Income tax	(521,963)	(978,477)
Education tax	(51,839)	(50,719)
Back duty tax	(9,998)	(9,998)
	<u>(583,800)</u>	<u>(1,039,194)</u>
<b>Provision for the year:</b>		
Income tax	344,022	783,613
Education tax	22,935	55,833
Prior Year Under Provision	10,113	9,998
	<u>377,068</u>	<u>849,443</u>
<b>Balance as at 30th June</b>	<u>391,213</u>	<u>597,945</u>

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

---

**Notes to the financial statements**

**11. Dividends**

Amounts recognised as distributions to ordinary shareholders in the year comprise:

	<b>2016</b>	<b>2015</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	685,221	312,231
*Final dividend	840,000	595,000
**Interim dividend	-	805,000
Dividend refunded	135,674	372,990
Payments during the year	(840,000)	(1,400,000)
At 31 December	820,895	685,221

**12. Earnings per share**

*(a) Basic*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	<b>30 June 2016</b>	<b>30 June 2015</b>
Weighted average number of ordinary shares in issue ('000)	700,000	700,000
Profit attributable to ordinary equity shareholders (N'000)	779,783	868,222
Basic earnings per share (kobo)	111	124
<i>(b) Diluted</i>	111	124

There were no potentially dilutive shares outstanding at 30th June 2016

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

13.

	Leasehold Land	Buildings on leasehold land	Tinting equipment	Plant and Machinery	Furniture and fittings	Motor vehicles	WIP	Total
<b>Cost</b>	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2015	11,472	53,524	125,763	379,211	109,476	174,516	11,312	865,274
Additions		322	15,548	37,062	17,189	31,064		101,185
Disposals			(5,189)	(1,002)	(5,619)	(25,155)	(6,312)	(43,278)
Reclassifications								-
At 31 December 2015	11,471.97	53,845.60	136,122.45	415,270.74	121,046.32	180,424.61	5,000.00	923,181.69
At 1 January 2016	11,471.97	53,845.60	136,122.45	415,270.74	121,046.32	180,424.61	5,000.00	923,181.69
Reclassification	-	-	-	-	-	-	-	-
Additions	-	-	22,746.36	3,144.08	2,765.25	15,104.25	-	43,759.94
Transfers	-	-	-	-	-	-	-	-
Disposals	-	0	-	(152)	(190)	(15,945)	-	(16,287)
Reclassifications	-	-	-	-	-	-	-	-
At 30 June 2016	11,471.97	53,845.60	158,868.81	418,262.53	123,621.52	179,584.11	5,000.00	950,654.54
<b>Accumulated depreciation</b>								
At 1 January 2015	3,862.25	10,593.93	103,725.73	170,948.32	86,044.51	90,353.96		465,528.70
Charge for the year		1,748.52	14,736.88	26,495.65	13,860.99	23,840.34		80,682.38
Impairment charge								-
Disposals								-
Reclassifications	0	0	(4,468)	(992)	(5,533)	(22,360)		(33,353)
At 31 December 2015	3,862.25	12,342.45	113,994.47	196,451.91	94,372.56	91,834.24		512,857.88
At 1 January 2016	3,862.25	12,342.45	113,994.47	196,451.91	94,372.56	91,834.23		512,857.87
Charge for the year		882.30	8,301.93	13,674.24	6,139.17	12,571.17		41,568.81
Impairment charge								-
Transfers								-
Disposals				(149)	(188)	(8,699)		(9,036)
At 30 June 2016	3,862.25	13,224.75	122,296.40	209,976.86	100,323.68	95,706.58	-	545,390.52
<b>Net book values</b>								
At 30 June 2016	7,609.72	40,620.85	36,572.41	208,285.67	23,297.84	83,877.53	5,000.00	405,265.02
At 31 December 2015	7,609.72	41,503.15	22,127.98	218,818.83	26,673.76	88,590.37	5,000.00	410,323.81

**14. Intangible assets**

	30 June 2016	31 December 2015
<b>Cost of software:</b>	N'000	N'000
At 1 January 2015	99,610.61	99,610.61
Additions		
Disposals	-	-
At 31 December 2015	99,610.61	99,610.61
<b>Amortization of software</b>	24,902.65	4,980.53
At 1 January		-
Amortization of software during the year	9,961.06	19,922.12
	<b>34,863.71</b>	<b>24,902.65</b>
<b>Balance at June 30th 2016</b>	<b>64,746.90</b>	<b>74,707.96</b>

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

**15. Inventories**

	Valued at:	<b>30 June 2016</b>	<b>31 December 2015</b>
		<b>N'000</b>	<b>N'000</b>
Raw materials	Cost	194,478	139,571
Work-in-progress	Cost	20,128	10,445
Technical stocks and spares	Cost	16,027	10,187
Containers and labels	Cost	43,414	22,765
Consumable stocks	Cost	9,154	9,752
Finished goods	Cost	153,878	496,791
		<b>437,079</b>	<b>689,510</b>
Less: provision for impairment of inventories		<b>(10,457)</b>	<b>(10,317)</b>
		<b>426,621</b>	<b>679,193</b>

**16. Trade and other receivables**

	<b>0</b>	<b>0</b>
	<b>30 June 2016</b>	<b>31 December 2015</b>
	<b>N'000</b>	<b>N'000</b>
Receivables due within one year		
Trade receivables	117,600	64,756
Less: provision for impairment of trade receivables	(21,504)	(21,114)
Net trade receivables	96,096	43,642
Receivables from related parties (Note 22)	11,024	26,323
Impairment on receivables from related parties	(6,690)	(6,690)
Withholding tax receivable	48,972	65,818
Impairment on withholding tax receivable	(41,703)	(52,933)
	7,269	12,885
Withholding tax credit notes received	33,889	49,301
Other receivables	162,882	29,558
Impairment on other receivables	(16,080)	(24,275)
	146,802	5,283
Advances to staff	344	344
Import prepayment	331,987	166,318
Other prepayments	89,435	72,841
Impairment on Other prepayments		-
	<b>710,158</b>	<b>370,248</b>

**Movements in the provision for impairment of trade receivables are as follows:**

	<b>0</b>	<b>0</b>
	<b>30 June 2016</b>	<b>31 December 2015</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	21,114	21,980
Provision for receivables impairment	387	3,276
Receivables written off during the year	-	(186)
Unused amounts reversed	3	(3,956)
<b>At 31 December</b>	<b>21,504</b>	<b>21,114</b>

Chemical and Allied Products Plc  
 Financial statements  
 For the period ended 30 June 2016

Notes to the financial statements

16. Trade and other receivables (continued)

Receivables due after one year, finance lease receivables

	0 30 June 2016 N'000	0 31 December 2015 N'000
Gross investment in lease	94,600	94,600
Unearned finance income	(84,217)	(84,217)
<b>Net investment in lease</b>	<b>10,383</b>	<b>10,383</b>

**Gross investment in lease**

Gross finance lease receivable - minimum lease receivable		
- No later than 1 year	2,200	2,200
- 2 to 5 years	11,000	11,000
- More than 5 years	81,400	81,400
	94,600	94,600
Future finance income on lease	(84,217)	(84,217)
<b>Present value of finance lease receivable</b>	<b>10,383</b>	<b>10,383</b>

The present value is analysed as follows:

- No later than 1 year	1,612	1,612
- 2 to 5 years	4,308	4,308
- More than 5 years	4,463	4,463
	10,383	10,383

The company has entered into a finance lease for a warehouse to a related party, MDS Logistics. The lease is for a total period of 51 year; of this period 45 years remain in the contract. The property reverts to the company at the end of the lease period.

17. Cash and cash equivalents

	30 June 2016 N'000	31 December 2015 N'000
Cash at bank and in hand	88,784	197,176
Short-term deposits	1,889,078	1,667,269
	<b>1,977,862</b>	<b>1,864,445</b>

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

**18. Trade and other payables**

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<b>N'000</b>	<b>N'000</b>
Trade payables	64,144	85,986
Royalty accrual	145,725	101,362
Amounts owed to related parties (Note 22)		
	<b>209,868</b>	<b>187,347</b>
Provision for employee leave	3,455	1,074
VAT payable	20,117	18,880
Withholding tax payable	799	14,965
Other payables	29,233	10,902
Income received in advance	5,657	107,304
Accrued marketing expenses	43,611	23,714
Other accruals	354,945	186,486
	<b>667,685</b>	<b>550,672</b>
	<b>30 June 2016</b>	<b>31 December 2015</b>
Average credit period taken for trade purchases (days)	30	30

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The directors consider the carrying amount of trade and other payables to approximate its fair value.

**19. Share capital**

	Number	Amount	Number	Amount
	'000	N'000	'000	N'000
<b>Authorised:</b>				
Ordinary shares of 50k each	840,000	420,000	840,000	420,000
<b>Issued and fully paid:</b>				
Ordinary shares of 50k each	700,000	350,000	700,000	350,000



**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

**20. Reconciliation of profit before tax to cash generated from operations:**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>N'000</b>	<b>N'000</b>
<b>Profit before tax</b>	1,146,739	1,272,707
Depreciation of fixed assets	41,569	39,634
Impairment of fixed assets	0	-
Amortization of Intangible assets	9,961	9,961
Loss / (Profit) on disposal of fixed assets	(2,260)	(1,211)
Interest income	(50,114)	(108,627)
Operating cash flows before movements in working capital	1,145,895	1,212,465
Movements in working capital:		
Increase in stocks	252,572	(93,637)
Increase in trade and other receivables	(339,853)	316,766
Increase in trade and other payables	117,016	63,025
<b>Cash generated from operations</b>	<b>1,175,629</b>	<b>1,498,619</b>

**21. Deferred tax**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<b>N'000</b>	<b>N'000</b>
Deferred tax liabilities:		
-Deferred tax liability to be recovered after more than 12 months	(55,329)	(55,329)
	(55,329)	(55,329)

The movement on the deferred income tax account is as follows:

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	(55,329)	(55,329)
Income statement charge (Note 10)		
At 31 December	(55,329)	(55,329)

**Chemical and Allied Products Plc**  
**Financial statements**  
**For the period ended 30 June 2016**

**Notes to the financial statements**

**22. Related party transactions**

The immediate and ultimate parent, as well as controlling party of the company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to CAP Plc through common shareholdings and directorship.

The following transactions were carried out with related parties:

		<b>0</b>	<b>0</b>
		<b>30 June 2016</b>	<b>31 December 2015</b>
		<b>N'000</b>	<b>N'000</b>
(a) Sales of goods and services	Relationship		
UAC of Nigeria Plc	Parent	406	-
UAC Foods Limited	Fellow subsidiary	1,542	1,389
UACN Property Dev. Company Plc	Fellow subsidiary	11,838	43,870
UAC Restaurants	Fellow subsidiary	120	976
Livestock Feeds Plc	Fellow subsidiary		-
UAC Dairies	Fellow subsidiary		1,014
Warm Spring Waters Ltd	Fellow subsidiary		-
MDS Logistics	Fellow subsidiary		344
		<b>13,905</b>	<b>47,593</b>

		<b>30 June 2016</b>	<b>31 December 2015</b>
		<b>N'000</b>	<b>N'000</b>
(b) Purchases of goods and services			
UAC of Nigeria Plc: Commercial service fee (Note 7)		<b>38,134</b>	<b>74,162</b>

(c) Key management compensation

Key management have been determined as directors (executive and non-executive) the Chairman and other senior management that form part of the leadership team. Details of compensation are documented in note 8. There were no other transactions with key management during the year.

(d) Year-end balances arising from sales/purchases of goods/services:

		<b>30 June 2016</b>	<b>31 December 2015</b>
		<b>N'000</b>	<b>N'000</b>
<b>Receivable:</b>	Relationship		
UNICO CPFA Limited	Fellow subsidiary		8,745
UACN Property Dev. Company Plc	Fellow subsidiary	9,390	11,819
MDS			
UAC of Nigeria Plc	Parent		5,636
UAC Foods Ltd	Fellow subsidiary	1635	124
		<b>11,024</b>	<b>26,324</b>

(e) Loan to Related Party:

		<b>30 June 2016</b>	<b>31 December 2015</b>
		<b>N'000</b>	<b>N'000</b>
	Relationship		
MDS Logistics	Fellow subsidiary	10,383	10,383