



**FINANCIAL
STATEMENTS
FOR THE PERIOD
ENDED
30 JUNE 2017**

Chemical and Allied Products Plc
Financial statements
For the period ended 30 June 2017

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Financial highlights

	2017	2016	%
	N'000	N'000	change
Revenue	3,457,729	3,447,243	0
Cost of Sales	(1,885,504)	(1,765,937)	(7)
Finance income	150,333	64,038	135
Other income	28,730	45,631	(37)
Profit before taxation	1,024,509	1,147,426	(11)
Taxation	(327,843)	(367,176)	11
Profit for the year	696,666	780,250	(11)
Total equity and liabilities	4,224,529	4,915,999	(14)
Additions to property, plant & equipment (PPE)	62,617	273,621	(77)
Depreciation on PPE	38,592	80,145	52
Cash and cash equivalents	480,719	2,325,540	(79)
Earnings per share (kobo) - Basic and diluted	100	111	(10)

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Statement of comprehensive income

		6 months to	3 months to	6 months to	3 months to
		June. 2017	March. 2017	June. 2016	March. 2016
	Notes	N'000	N'000	N'000	N'000
Revenue	5	3,457,729	1,731,811	3,447,243	1,848,341
Cost of sales	7i	(1,885,504)	(900,083)	(1,765,937)	(942,728)
Gross profit		1,572,225	831,728	1,681,306	905,613
Selling and distribution expenses	7ii	(185,749)	(106,412)	(200,875)	(106,324)
Administrative expenses	7iii	(531,983)	(251,237)	(434,423)	(223,148)
Other income	6	28,730	14,020	45,631	16,350
Operating profit		883,223	488,099	1,091,639	592,491
Finance income	9	150,333	91,538	64,038	29,068
Finance cost	10	(9,047)	(5,574)	(8,251)	(1,694)
Net Finance income		141,286	85,964	55,787	27,374
Profit before taxation		1,024,509	574,063	1,147,426	619,865
Taxation	11	(327,843)	(183,700)	(367,176)	(198,357)
Profit for the year		696,666	390,362	780,250	421,508
Other comprehensive income for the year net of taxation				-	-
Total comprehensive income for the year		696,666	390,362	780,250	421,508
Earnings per share for profit attributable to the equity holders of the company:					
Basic and diluted EPS (kobo)	13	100	56	111	60

The notes on pages 8 to 36 are an integral part of these financial statements.

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Statement of financial position

	Notes	2017 N'000	2016 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	617,938	595,565
Intangible assets	15	55,068	57,347
Finance lease receivable	17	10,381	10,381
		683,387	663,293
Current assets			
Inventories	16	1,709,685	933,886
Trade and other receivables	17	322,577	627,520
Prepayments	18	1,028,162	365,760
Cash and cash equivalents	19	480,719	2,325,540
		3,541,142	4,252,706
Total assets		4,224,529	4,915,999
Liabilities			
Non-current liabilities			
Borrowing	20	83,598	83,598
Grant	20	1,484	1,484
Deferred taxation liabilities	24	51,998	51,998
		137,080	137,080
Current liabilities			
Trade and other payables	21	1,072,971	1,176,078
Current income tax liabilities	11	851,385	720,713
Dividend payable	12	690,192	520,817
Borrowing	20	28,609	73,686
Grant	20	4,136	4,136
		2,647,292	2,495,430
Total liabilities		2,784,372	2,632,509
Equity			
Ordinary share capital	22	350,000	350,000
Share premium	22	19,254	19,254
Retained earnings		1,070,902	1,914,236
Total equity		1,440,156	2,283,490
Total equity and liabilities		4,224,529	4,915,999

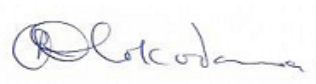
The financial statements on pages 3 to 36 has been approved and authorised for issue by the board of directors on July 21st, 2017



Mr. Larry Ephraim Ettah
Chairman



Mrs. Omolara Elemide
Managing Director



Mrs. Olufunke Olokodana
Finance Controller

FRC/2013/IODN/0000002692 FRC/2013/ICAN/00000001850 FRC/2013/ICAN/00000003222

The notes on pages 8 to 36 are an integral part of these financial statements.

Chemical and Allied Products Plc				
Statement of Changes in Equity				
Period ended 30 June 2017				
	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	TOTAL EQUITY N'000
At 1 January 2016	350,000	19,254	1,150,879	1,520,133
Profit and loss	-	-	1,603,357	1,603,357
Other comprehensive income:				
Post tax actuarial gains				-
Changes in reserves:				
Bonus issue				-
Costs of bonus issue				-
Dividends paid			(840,000)	(840,000)
Balance at 31 December 2016	350,000	19,254	1,914,236	2,283,490
Balance at 1 January 2017	350,000	19,254	1,914,236	2,283,490
Profit and loss			696,666	696,666
Other comprehensive income:				
Post tax actuarial gains				-
Changes in reserves:				
Release of actuarial gains as a result of curtailment				-
Dividends paid			(1,540,000)	(1,540,000)
Capitalization of reserves	-			-
Balance at 30 June 2017	350,000	19,254	1,070,902	1,440,156

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Statement of Cash flow

	2017	2016
	N'000	N'000
Profit before taxation	1,024,509	2,296,821
Adjustments for:		
Net foreign exchange difference - (gains)/loss	(255)	(222)
Depreciation	38,593	80,145
Amortisation	10,649	20,057
Profit on sale of PPE	(1,512)	(2,898)
Finance expense	9,047	23,196
Finance income	(150,333)	(204,459)
Cash from operations before working capital changes	930,698	2,212,640
Increase in inventories	(775,799)	(254,693)
(Increase)/decrease in trade and other receivables	304,943	(539,304)
Increase/(Decrease) in payables	(103,107)	236,363
(Increase)/Decrease in prepayment	(662,402)	(126,601)
Cash generated from operations	(305,666)	1,528,405
Finance expense	(9,047)	(23,196)
Dividends paid	(1,540,000)	(840,000)
Income taxes paid	(197,000)	(531,155)
Net cash from financing activities	(1,746,047)	(1,394,351)
Cash flows from Investing activities		
Purchase of PPE	(62,617)	(273,621)
Purchase of Intangible assets	(8,371)	(2,696)
Proceeds from disposal of PPE	3,250	11,134
Interest received	150,333	204,459
Net Cash flows used in Investing activities	82,595	(60,724)
Cash flows from Investing activities		
Borrowing		200,000
Dividends refunded	169,375	224,639
Loan Repayment	(45,077)	(37,096)
Net cash from Investing activities	124,298	387,543
Net increase in cash and cash equivalents	(1,844,820)	460,873
Net foreign exchange difference - gains/(loss)		(222)
Cash and cash equivalents at beginning of period	2,325,540	1,864,445
Cash and cash equivalents at end of period	480,719	2,325,540

The notes on pages 8 to 36 are an integral part of these financial statements.

Chemical and Allied Products Plc
Note to the financial statements
For the period ended 30 June 2017

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 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.

2.1.1 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 standards and interpretations listed below have become effective since 31 August 2015 for annual periods beginning on 1 January 2016. While the list of new standards is provided below, not all of these new standards will have an impact on this financial statements.

The following new standards and amendments became effective as of 1 January 2016:

- IFRS 14 Regulatory Deferral Accounts
 - Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
 - Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
 - Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
 - Amendments to IAS 27: Equity Method in Separate Financial Statements
 - Annual Improvements Cycle - 2012-2014
 - Amendments to IAS 1 Disclosure Initiative
 - Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
- (a) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 are not material to the Company.

- (b) Annual Improvements 2012-2014 Cycle

These improvements include:

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

IFRS 7 Financial Instruments: Disclosures

IAS 19 Employee Benefits

IAS 34 Interim Financial Reporting

These amendments do not have any impact on the Company.

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

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

Amendments to IFRS 10 and IAS 28: ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

IAS 7 Disclosure Initiative – Amendments to IAS 7

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

IFRS 16 Leases

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

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. Although the company has not performed an impact assessment but the Company expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

a) Classification and measurement

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Company expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Company has no existing hedge relationships.

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

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company although has not assess the impact of the new standards but plans to adopt the new standard on the required effective date. Furthermore, the Company is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments. The Company is in the business of sales of Paints and application of paints. The paints and services are sold both on its own in separate identified contracts with customers and together as a bundled package of goods and/or (a) *Sale of goods*

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Note to the financial statements - Continued
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Contracts with customers in which the sale of paints is generally expected to be the only performance obligation are not expected to have any impact on the Company's profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Rendering of services

The Company provide application of paints after the sales of the products. Currently, the Company accounts for the sales of products and service as separate deliverables of bundled sales and allocates consideration between these deliverables using the as sales of goods and revenue from services. The Company recognizes service revenue by reference to the stage of completion. Under IFRS 15, allocation will be made based on relative stand-alone selling prices. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales may be impacted.

(c) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Company's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. The Company is in the process of developing and testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Company.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company is assessing the potential effect of the amendments on its consolidated financial statements.

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Note to the financial statements - Continued
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IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Company plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

2.2 Segment reporting

Segment information is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions. A segment is a distinguishable component of the company that is engaged either in providing related products or within a particular service or in providing products or services in an economic (geographical) segment that is subject to risks and returns that are different from those of other segments.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira (N), which is the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'.

(c) Foreign currency policy

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.4 Property, plant and equipment

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 buildings 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.

The notes on pages 8 to 50 are an integral part of these financial statements.

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.

Notes to the financial statements

2.5 Intangible assets - Continued

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.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

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

2.7.1 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.

2.7.2 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 17 and 19).

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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 rewards of the asset, but has transferred control of the asset.

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.

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).

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Financial statements

2. Summary of significant accounting policies (continued)

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 discount the future cash flows for the purpose of measuring the impairment loss.

- 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.

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 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.

2.7.5 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.

Chemical and Allied Products Plc

Financial statements

2. Summary of significant accounting policies (continued)

Derecognition

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

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.

2.7.5 Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. For more information, refer to Note 20.

2.7.6 Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as deferred income in equal amounts over the expected useful life of the related asset.

When the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

The company's government grant is presented in the statement of financial position by setting up a deferred income (named government grant. This is a Bank of industry loan grant as a result of reduction in interest rate which is below effective interest rate. No unfulfilled conditions exist in respect of the grant.).

After initial recognition, the government grant is recognized as income in profit or loss on a systematic basis over the life of the loan.

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.

2.11 Current and deferred income tax

The tax for the year 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.

(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.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.12 Employee benefits (continued)

(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.

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.

2.14 Leases

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.

2.14 Leases - Continued

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 lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

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 the lease term.

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.

2.15 Fair value measurement

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value
- (c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable:

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.16 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. In respect of interim dividends these are recognised once declared by the board of directors.

Dividend not claimed for over a period of 18 months are refunded back to the company and are treated as liability in the company's financial statements.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.17 Risk management

The board through the Risk and Governance Committee has the responsibility for developing and implementing an enterprise - wide risk management framework for identifying, measuring, monitoring and controlling risks in the company. The executive management ensures the implementation of controls put in place to mitigate the various identified risks and report updates of status to the Board quarterly.

3. Financial risk management

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

(a) Market risk

(i) Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar as a result of importing key raw materials. Foreign exchange risk arises from future commercial transactions. There are limited exposures to recognised assets and liabilities.

The company manages its risk in the following ways: Scenario planning, information sharing within the group, In-plant tinting, local production of dulux trade bases, effective working capital management and planning, export drive, insurance, participation in MAN, NECA activities to influence government policies.

The company does not make use of derivatives to hedge its exposures. Letters of credit are issued by the company to the foreign suppliers for the purchase of materials. The Company does not hedge but buys from the official market to mitigate the difference between the official and parallel markets.

Notes to the financial statements

4. Significant judgements and estimates

4.1 Significant estimates

The preparation of financial statement in conformity with IFRS requires the use of certain critical accounting estimates. In the process of applying the Company's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas where judgment and estimates are significant to the financial statements are as follows:

Property, plant and Equipment

Estimates are made in determining the depreciation rates and useful lives of these property, plant and equipment. These financial statements have, in the management's opinion been properly prepared within reasonable limits of materiality and within the framework of the summarised significant accounting policies.(refer to Note 2.4 for further details).

Allowance for uncollectible accounts receivable and advances

The allowance for doubtful accounts involves management judgement and review of individual receivable balances based on an individual customer's prior payment record, current economic trends and analysis of historical bad debts of a similar type.(refer to Note 2.7.4 for further details).

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. Analysis by revenue

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

Entity wide information:

	2017	2016
	N'000	N'000
Analysis of revenue:		
Sale of paint products	3,447,883	3,431,115
Revenue from services	9,846	16,128
	<u>3,457,729</u>	<u>3,447,243</u>
	<u>3,457,729</u>	<u>3,447,243</u>

Revenue from services relates to application of paints for some customers

Concentration risk

Three customers who are agents of the company contributed 33% of the turnover.

Chemical and Allied Products Plc
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Notes to the financial statements

6. Other income

	2017	2016
	N'000	N'000
Sale of scrap items		
Profit on sale of PPE	1,512	2,260
Management fees	25,463	25,661
Sundry Income	1,500	17,710
Exchange gain	255	
	28,730	45,631

Management fees represent income generated from management services rendered to the company's key distributors.

7. Expenses by nature

	2017	2016
	N'000	N'000
Change in inventories of finished goods and work in progress	1,671,241	1,555,665
Directors' emoluments (Note 8iii)	39,002	28,484
Staff costs excluding directors' emoluments (Note 8i)	342,042	273,847
Auditors' fees	11,040	9,450
Depreciation of property, plant & equipment (Note 14)	38,593	41,569
Amortisation of intangible assets	10,649	9,961
Royalty fees (Note 25a)	57,542	56,440
Commercial service fees (Note 25b)	38,256	38,134
Computer charges	7,509	10,689
General risk insurance premium	8,499	5,828
Marketing, communication & entertainment	49,809	53,716
Tour and travelling	19,295	18,596
Cleaning and laundry	8,292	8,282
Carriage outward	72,668	73,829
Hire of equipment	19,332	9,539
Capdec project cost	7,009	9,774
Other expenses	202,459	197,433
	2,603,236	2,401,235
Cost of sales	1,885,504	1,765,937
Selling and distribution expenses	185,749	200,875
Administrative expenses	531,983	434,423
	2,603,236	2,401,235

Other expenses relates to security services, office cleaning expenses, awards and conferences expenses incurred during the year.

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Notes to the financial statements

8. Employee benefits

	2017	2016
	N'000	N'000
Staff costs include:		
Wages and salaries	317,962	260,977
Pension costs:		
- Defined contribution plans (Statutory)	19,028	13,280
- Defined contribution plans (Voluntary)	19,053	18,002
	<u>356,043</u>	<u>292,259</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.

	2017	2016
	N'000	N'000
Costs		
Management	231,598	190,707
Staff	124,445	101,552
Total	<u>356,043</u>	<u>292,259</u>

	2017	2016
	Number	Number
Numbers		
Management	85	91
Staff	127	129
	<u>212</u>	<u>220</u>

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Notes to the financial statements

8. Employee benefits (continued)

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

	=N=	2017 Number	2016 Number
300,001	350,000	0	3
350,001	400,000	0	1
400,001	500,000	5	5
500,001	600,000	26	26
600,001	700,000	24	24
700,001	800,000	9	9
800,001	900,000	23	23
900,001	1,000,000	6	6
1,000,001	1,200,000	25	25
1,200,001	1,400,000	29	30
1,400,001	1,600,000	7	7
1,600,001	1,800,000	3	3
1,800,001	2,000,000	5	5
2,000,001	2,200,000	10	11
2,200,001	2,400,000	5	5
2,400,001	2,600,000	7	7
2,600,001	3,000,000	8	9
3,000,001	4,000,000	10	11
4,000,001	5,000,000	4	4
5,000,001	6,000,000	3	3
7,000,001	8,000,000	2	2
8,000,001	9,000,000		
9,000,001	10,000,000		
10,000,001	11,000,000	1	1
15,000,001	16,000,000		
		<u>212</u>	<u>220</u>

(iii) Emoluments of directors

	2017 N'000	2016 N'000
Fees	588	588
Passage allowance	25,001	18,412
Other emoluments	14,001	10,072
	<u>39,590</u>	<u>29,072</u>

(iv) The Chairman's emoluments

	<u>6,446</u>	<u>4,786</u>
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(v) Emolument of the highest paid director

	<u>9,362</u>	<u>9,188</u>
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Notes to the financial statements

8. Employee benefits (continued)

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

=N=	2017 Number	2016 Number
1,000,000 - 3,000,000	-	-
3,000,001 - 5,000,000	-	-
5,000,001 - 8,000,000	3	3
8,000,001 - 10,000,000	1	1
12,000,001 - 14,000,000	-	-
14,000,001 - 16,000,000	-	-
16,000,001 - 18,000,000	1	1
	<u>5</u>	<u>5</u>

Key management compensation

Key management have been defined as the executive directors.

Key management compensation includes:

	2017 N'000	2016 N'000
Short-term employee benefits:		
- Wages and salaries	9,362	9,188
- Directors emoluments	2,811	1,703
Post employment benefits:		
- Defined contribution plan	936	884
	<u>13,110</u>	<u>11,776</u>

The above amounts have been included in directors emoluments above.

9. Finance income

	2017 N'000	2016 N'000
Interest income on short-term bank deposits	118,258	64,038
Interest income on loan to related party	32,074	
Interest income on Dividend Deposit	-	
Interest from Grant		
Interest income on finance lease assets		
	<u>150,333</u>	<u>64,038</u>

10. Finance Cost

	2017 N'000	2016 N'000
Interest cost	(9,047)	(8,251)
	<u>(9,047)</u>	<u>(8,251)</u>

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11. Taxation

	2017	2016
	N'000	N'000
<i>Current tax</i>		
Nigeria corporation tax charge for the year	327,843	183,700
<i>Deferred tax</i>		
Temporary differences, origination and reversal		
Adjustments in respect of prior periods		-
Total deferred tax (Note 24)	-	-
Income tax expense	327,843	183,700

Nigeria corporation tax is calculated at 30% (2015: 30%) of the estimated chargeable profit for the year. Education tax is 2% of the assessable profit.

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

	2017	2016
	N'000	N'000
Accounting Profit before tax	1,024,509	574,063
Tax at the Nigeria corporation tax rate of 30% (2015: 30%)	307,353	172,219
Impact of disallowable expenses		
Impact of Education tax	20,490	11,481
Prior Year (Over)/ Under Provision		
Deferred tax writeback for the year		
Utilisation of previously unrecognised tax losses		
	327,843	183,700
Effective tax rate	32%	32%
Income tax recognised in profit or loss		
Tax at the Nigeria corporation tax rate of 30% (2015: 30%)	307,353	172,219
Education tax	20,490	11,481
Prior Year (Over)/ Under Provision		
Deferred tax writeback for the year		
Tax charge for the year	327,843	183,699

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11. Taxation (continued)

	2017	2016
	N'000	N'000
Per income statement		
Income tax	307,353	172,219
Education tax	20,490	11,481
Prior Year (Over)/ Under Provision		
Deferred taxation (Note 24)		
	327,843	183,700
Per statement of financial position:		
Balance 1 January		
Income tax	673,543	546,106
Education tax	47,000	51,839
Back Duty		
Capital gains tax	-	-
	720,543	597,944
Payments during the year:		
Income tax	(150,000)	(479,090)
Education tax	(47,000)	(51,839)
WHT Utilised		(42,873)
Back duty tax		(226)
	(197,000)	(574,028)
Provision for the year:		
Income tax	307,353	673,543
Education tax	20,490	47,000
Prior Under Provision	0	-23,746
	327,843	696,797
Balance as at 31 December	851,385	720,713

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Notes to the financial statements

12. Dividends

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

	2017	2016
	N'000	N'000
At 1 January	520,817	685,221
*Final dividend		840,000
**Interim dividend		
Reclassification to Other payable		(389,043)
***Dividend refunded	169,375	224,639
Payments during the year	0	(840,000)
At 31 December	690,192	520,817

***The dividend refunded relates to a recall of dividend deposited with the Registrars which have stayed over and above 18 months.

13. 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.

	2017	2016
Weighted average number of ordinary shares in issue ('000)	700,000	700,000
Profit attributable to ordinary equity shareholders (N'000)	696,666	390,362
Basic earnings per share (kobo)	100	249
<i>(b) Diluted</i>	100	56

There were no potentially dilutive shares outstanding at 30 June 2017

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Notes to the financial statements

14. Property, plant and equipment

Cost	Leasehold Land N'000	Buildings on leasehold land N'000	Tinting equipment N'000	Plant and Machinery N'000	Furniture and fittings N'000	Motor vehicles N'000	WIP N'000	Total N'000
At 1 January 2016	11,472	53,846	136,122	415,273	121,046	180,424	5,000	923,183
Additions	-	-	28,178	11,540	7,006	15,104	211,793	273,621
Disposals	-	-	-	(7,510)	(3,701)	(23,845)	-	(35,056)
At 31 December 2016	11,472	53,846	164,300	419,304	124,351	171,684	216,793	1,161,749
At 1 January 2017	11,472	53,846	164,300	419,304	124,351	171,684	216,793	1,161,750
Additions	-	-	-	47,010	15,607	-	-	62,617
Disposals	-	-	(197)	(18)	(642)	(17,187)	-	(18,044)
At 31 March 2017	11,472	53,846	164,103	466,296	139,316	154,497	216,793	1,206,320
Accumulated depreciation								
At 1 January 2016	3,862	12,342	113,994	196,452	94,373	91,834	-	512,857
Charge for the year	-	1,765	15,559	27,056	12,177	23,588	-	80,145
Disposals	-	-	-	(7,459)	(3,553)	(15,809)	-	(26,821)
At 31 December 2016	3,862	14,107	129,553	216,050	102,997	99,613	-	566,182
At 1 January 2017	3,862	14,107	129,553	216,050	102,997	99,613	-	566,182
Charge for the year	-	882	6,305	15,900	6,159	9,346	-	38,592
Disposals	-	-	(197)	(13)	(638)	(15,546)	-	(16,393)
At 31 December 2016	3,862	14,989	135,661	231,938	108,519	93,413	-	588,381
Net book values								
At 30 June 2017	7,610	38,857	28,442	234,358	30,797	61,084	216,793	617,938
At 31 December 2016	7,610	39,739	34,747	203,254	21,354	72,071	216,793	595,565

Leasehold properties have an unexpired tenure of between 44 and 65 years.

Work in progress (WIP) relates to the amount incurred for factory extension which is yet to be completed.

15. Intangible assets

Cost of software:	2017 N'000	2016 N'000
At 1 January	102,306	99,611
Additions	8,371	2,696
Balance at 31 December	110,677	102,306
Amortization of software		
At 1 January	44,960	24,903
Amortization of software during the year	10,649	20,057
Balance at 31 December	55,609	44,960
Net Balance At 30th June 2017	55,068	57,347

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16. Inventories

	Valued at:	2017	2016
		N'000	N'000
Raw materials	Cost	871,234	286,706
Intermediates	Cost	24,835	12,813
Technical stocks and spares	Cost	17,970	14,315
Containers and labels	Cost	103,591	38,610
Consumable stocks	Cost	11,463	8,068
Finished goods	Cost	687,978	580,760
		<u>1,717,071</u>	<u>941,272</u>
Less: provision for impairment of inventories		<u>(7,387)</u>	<u>(7,387)</u>
		<u>1,709,685</u>	<u>933,886</u>

The amount of inventories recognized as an expense during the year: 1,671,241 1,555,665

17. Trade and other receivables

Receivables due within one year	2017	2016
	N'000	N'000
Trade receivables	243,906	69,747
Less: provision for impairment of trade receivables	(20,939)	(20,939)
Receivables from related parties (Note 25)	5,027	508,183
Impairment on receivables from related parties	(6,690)	(6,690)
Withholding tax receivable	53,315	49,720
Impairment on withholding tax receivable	(40,767)	(41,368)
Withholding tax credit notes received	52,022	41,783
Other receivables	55,942	47,426
Impairment on other receivables	(26,250)	(20,686)
Advances to staff	7,011	344
	<u>322,577</u>	<u>627,520</u>

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

	2017	2016
	N'000	N'000
At 1 January	-176	-176
Provision for receivables impairment	561	561
Receivables written off during the year	-	-
Unused amounts reversed	(737)	(737)
At 31 December	<u>(352)</u>	<u>(352)</u>

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17. Trade and other receivables (continued)

Receivables due after one year, finance lease receivables

	2017	2016
	N'000	N'000
Gross investment in lease	91,601	91,601
Unearned finance income	(81,220)	(81,220)
Net investment in lease	10,381	10,381

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	78,401	78,401
	91,601	91,601
Future finance income on lease	(81,220)	(81,220)
Present value of finance lease receivable	10,381	10,381

The present value is analysed as follows:

- No later than 1 year	1,610	1,610
- 2 to 5 years	4,306	4,306
- More than 5 years	4,464	4,464
	10,381	10,380

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 years; of this period 43 years remain in the contract. The property reverts to the company at the end of the lease period.

18. Prepayments

	2017	2016
	N'000	N'000
Import prepayment	813,969	203,392
Other prepayments	214,193	162,368
Impairment on Other prepayments	-	-
	1,028,162	365,760

19. Cash and cash equivalents

	2017	2016
	N'000	N'000
Cash at bank and in hand	263,242	118,940
Short-term deposits	217,477	2,206,600
	480,719	2,325,540

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20. Interest-bearing loans and borrowings	2017	2016
Borrowing Non-current portion		
Borrowing	83,598	83,598
	83,598	83,598
Borrowing current portions		
Borrowing	28,609	73,686
	28,609	73,686
Grant		
Non current portion	1,484	1,484
Current portion	4,136	4,136
	5,620	5,620
Movement in grant		
At 1 January 2017		-
Addition during the year	11,884	11,884
Release to profit or loss	(6,264)	(6,264)
Grant	5,620	5,620

Bank of Industry granted the company a loan of N200m to finance the in-plant tinting machine in company. The duration of the loan is for 3 years.(Plus 6 months moratorium on principal) with an interest rate of 10%.

The company's grant is presented in the statement of financial position by setting up a deferred income named government grant because the interest rate is below the effective interest rate.

No unfulfilled conditions exist in respect of the government grant.

After initial recognition, the government grant is recognized as income in profit or loss on a systematic basis over the life of the loan. See Note 2.7.6 for more details.

21. Trade and other payables

	2017	2016
	N'000	N'000
Trade payables	78,443	242,354
Royalty accrual	144,017	116,550
	222,460	358,904
Provision for employee leave	3,606	1,057
Defined contribution benefit owing to UNICO fund		
VAT payable	9,583	7,132
Withholding tax payable	1,286	6,957
Other payables	105,927	11,904
Income received in advance	-	96,327
Accrued marketing expenses	21,100	29,246
Other accruals	709,009	664,551
	1,072,971	1,176,078
	2017	2016
Average credit period taken for trade purchases (days)	30	30

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22. Share capital

	2017		2016	
	Number N'000	Amount N'000	Number N'000	Amount N'000
Authorised:				
Ordinary shares of 50k each	840,000	420,000	840,000	420,000
Issued and fully paid:				
Ordinary shares of 50k each	700,000	350,000	700,000	350,000
Movements during the year:			Number of shares '000	Ordinary shares N'000
Balance at 1 January 2016			560,000	280,000
Bonus issue			140,000	70,000
At 31 December 2016			700,000	350,000
Bonus issue			-	-
At 30 June 2017			700,000	350,000
Share premium			N'000	
Movement during the year			-	
At 30 June 2017			19,254	

Nature and purpose of reserves

The share premium reserve is used to recognise the amount above the par value of issued and fully paid ordinary share of the Company.

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23. Deferred tax

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

Statement of financial position:	2017	2016
	N'000	N'000
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	(51,998)	(55,329)
	<u>(51,998)</u>	<u>(55,329)</u>
Accelerated depreciation property, plant & equipment	(45,651)	(89,929)
Trade and other receivables	(5,468)	31,505
Inventories	(879)	3,095
	<u>(51,998)</u>	<u>(55,329)</u>

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

	2017	2016
	N'000	N'000
At 1 January	(55,329)	(55,329)
Income statement charge (Note 10)	3,330	3,330
At 31 December	<u>(51,998)</u>	<u>(51,998)</u>

24. Related party transactions

	2017	2016
	N'000	N'000
UAC of Nigeria Plc: Commercial service fee (Note 7)	38,256	38,134

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

	Relationship	2017	2016
Receivable:		N'000	N'000
UACN Property Dev. Company Plc	Fellow subsidiary	4,408	9,390
UAC of Nigeria Plc	Parent		
Portland Paint Products Nig. PLC	Fellow subsidiary		
UAC Foods Ltd	Fellow subsidiary	620	1,635
		<u>5,028</u>	<u>11,025</u>

	Relationship	2016	2016
Finance lease receivable		N'000	N'000
MDS Logistics	Fellow subsidiary	10,381	10,381