FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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Chemical and Allied Products Plc
Unaudited Financial statements
For the year ended 31 March 2019

Financial highlights

	2019 N'000	2018 N'000	% change
Revenue	2,120,185	1,962,467	8
Operating profit	615,135	611,155	1
Finance income	118,596	70,076	69
Other income	18,670	15,314	22
Profit before taxation	733,731	679,849	8
Taxation	(234,794)	(217,552)	-8
Profit for the year	498,937	462,297	8
Total equity and liabilities	7,227,180	6,311,246	15
Additions to property, plant & equipment (PPE)	112,936	180,319	-37
Depreciation on PPE	29,367	81,188	64
Cash and cash equivalents	4,281,602	4,339,294	-1
Earnings per share (kobo) - Basic and diluted	71	66	8
Net asset per share(kobo)- Basic	473	320	48

Chemical and Allied Products Plc
Unaudited Financial statements
For the period ended 31 March 2019

Statement of profit or loss and other comprehensive income

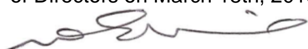
	Notes	3 Months to March 2019 N'000	3 Months to March 2018 N'000
Revenue	5	2,120,185	1,962,467
Cost of sales	7i	(1,086,087)	(1,005,949)
Gross profit		1,034,098	956,518
Selling and distribution expenses	7iii	(160,974)	(85,274)
Administrative expenses	7ii	(276,659)	(275,402)
Other income	6	18,670	15,314
Operating profit		615,135	611,155
Finance income	9	118,596	70,076
Finance cost	10	-	(1,382)
Net Finance income		118,596	68,694
Profit before taxation		733,731	679,849
Income tax expense	11	(234,794)	(217,552)
Profit after tax		498,937	462,297
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year, net of tax		498,937	462,297
Earnings per share for profit attributable to the equity holders of the company:			
Basic and diluted EPS (kobo)	13	71	66

The notes on pages 8 to 42 are an integral part of these financial statements.

Chemical and Allied Products Plc
Unaudited Financial statements
Statement of financial position as at 31 March 2019

	Notes	2019 N'000	2018 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	813,531	729,962
Intangible assets	15	20,001	25,814
Finance lease receivable	17b	10,377	10,377
		843,909	766,153
Current assets			
Inventories	16	1,360,622	884,115
Refund Asset	24	926	926
Trade and other receivables	17a	553,491	172,488
Prepayments	18	186,630	148,270
Cash	19	4,281,602	4,339,294
		6,383,271	5,545,093
Total assets		**7,227,180**	**6,311,246**
Liabilities			
Non-current liabilities			
Deferred taxation liabilities	22	127,053	127,053
		127,053	127,053
Current liabilities			
Trade and other payables	20	1,741,446	1,559,016
Current income tax liabilities	11	1,035,635	800,841
Dividend payable	12	1,013,101	1,013,328
Refund liability	25	2,070	2,070
		3,792,251	3,375,254
Total liabilities		**3,919,304**	**3,502,307**
Equity			
Ordinary share capital	21	350,000	350,000
Share premium	21	19,254	19,254
Retained earnings		2,938,622	2,439,685
Total equity		**3,307,876**	**2,808,939**
Total equity and liabilities		**7,227,180**	**6,311,246**

The financial statements on pages 8 to 41 has been approved and authorized for issue by the Board of Directors on March 18th, 2019.



Mrs. Omolara Elemide
Ag.Managing Director
FRC/2013/ICAN/00000001850

Mrs. Olufunke Olokodana
Finance Controller
FRC/2013/ICAN/00000003222

The notes on pages 8 to 42 are an integral part of these financial statements.

Chemical and Allied Products Plc
Unaudited Financial statements
For the period ended 31 March 2019

Statement of Changes in Equity

	Notes	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	TOTAL EQUITY N'000
At 1 January 2018		**350,000**	**19,254**	**1,872,966**	**2,242,220**
Effect of adoption of new accounting standards				(27,624)	(27,624)
Restated opening balance		-	-	1,845,342	2,214,596
Other comprehensive income				2,029,343	2,029,343
Total comprehensive income:		-		2,029,343	2,029,343
Transaction with owners:					
Dividend paid and proposed	12	-	-	(1,435,000)	(1,435,000)
Balance at 31 December 2018		**350,000**	**19,254**	**2,439,685**	**2,808,939**
Profit for the year		-	-	498,937	498,937
Other comprehensive income				-	-
Total comprehensive income:		-	-	498,937	498,937
Transactions with owners:					
Dividend paid and proposed	12	-	-		
Balance at 31 March 2019		**350,000**	**19,254**	**2,938,622**	**3,307,876**

Chemical and Allied Products Plc
Unaudited Financial statements
For the period ended 31 March 2019

Statement of Cash flows

	Notes	2019 N'000	2018 N'000
Profit before taxation		733,731	679,849
Adjustments for:			
Depreciation of PPE	14	29,367	20,744
Amortisation of intangible assets	15	5,814	5,814
Profit on sale of PPE	6	(1)	(13)
Finance costs	10	-	1,382
Finance income	9	(118,596)	(70,076)
Cash flows from operations before working capital changes		**650,314**	**637,700**
(Increase) in inventory		(476,507)	(351,121)
(Increase)/decrease in trade and other receivables	17c	(381,003)	(134,305)
Increase/(decrease) in payables		182,430	245,548
(Increase)/decrease in prepayment		(38,360)	(21,607)
Cash flows generated from operations		**-63,127**	**376,215**
Income taxes paid	11	-	
Net cash flows from operating activities		**-63,127**	**376,215**
Cash flows from investing activities			
Purchase of PPE	14	(112,936)	(1,187)
Proceeds from disposal of PPE		2	261
Interest received	9	118,596	70,076
Net cash flows from investing activities		**5,662**	**69,150**
Cash flows from financing activities			
Dividends paid	12	(227)	(10,000)
Interest Paid	20	-	(1,382)
Loan Repayment	20		(20,000)
Net cash flows used in financing activities		**(227)**	**(31,382)**
Net increase in cash and cash equivalents		**-57,692**	**413,983**
Net foreign exchange difference	6		
Cash and cash equivalents at beginning of period	**19**	**4,339,294**	**2,820,459**
Cash and cash equivalents at end of period	**19**	**4,281,602**	**3,234,442**

The notes on pages 8 to 42 are an integral part of these 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 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.

(All amounts are in Naira thousands unless otherwise stated)

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 New and Amended standards and interpretation

The following new standards and amendments became effective as of 1 January 2018:

IFRS 15 Revenue from contract with customers
-IFRS 9 Financial Instruments
-IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations
-Amendments to IAS 40 Transfers of Investment Property
-Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
-Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
-Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair vaue through profit or loss is an investment-by-investment choice
-Amendments to IFRS 1 First-time Adoption of IFRS - Deletion of short-term exemptions for first-time adopters

Impact of new standards, amendments and interpretations
Standard issued not yet effective

IFRS 17 *Insurance Contracts*
In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective,
IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive

model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.
The Interpretation specifically addresses the following:
- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to IFRS 9: *Prepayment Features with Negative Compensation*
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI

criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the Company.

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. The standard does not impact on the financial statement of the company.

Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs

during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:
- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.
An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

Amendments to IAS 28: ***Long-term interests in associates and joint ventures***

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate
or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.
The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the
associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 *Investments in Associates and Joint Ventures*.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Company does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

(b) Annual Improvements 2015-2017 Cycle
These improvements include:

IFRS 3 *Business Combinations*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application
permitted. These amendments will apply on future business combinations of the Company.

IFRS 11 *Joint Arrangements*

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Company but may apply to future transactions.

IAS 12 *Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity
An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The company will review its effect

IAS 23 *Borrowing Costs*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

The following amendments that are issued but not yet effective would not have impact on the company

-Definition of a Business - Amendment to IFRS 3 - I Jan 2020
-Definition of Material - Amendment to IAS 1 and IAS 8 - I Jan 2020
-Amendment to The Conceptual Framework for Financial Reporting - 1 Jan 2020

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.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

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

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 profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income 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).

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 buldings) and accumulated depreciation (for buildings). All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Costs include 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 statement of profit or loss and other comprehensive income 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 classes of property, plant and equipment 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.

2.5 Imparment of non-current assets

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 it's 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 profit or loss for the period.

2.6 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 the statement 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

2.6 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 and other comprehensive income 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 and other comprehensive income 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)

2.7 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.

2.8 Financial assets - IAS 39

2.8.1 Initial recognition and measurement (Under IFRS 9)

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.

2.8.2 Subsequent measurement (Continued)

(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 nd other comprehensive income. The losses arising from impairment are recognised in the profit or loss in finance costs for loan and in th 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 17a and 19).

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.

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.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).

Notes to the 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 and other comprehensive income. Interest income (recorded as finance income in the statement of profit or loss and other comprehensive income) 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.

Obective evidence that financial assets are impaired includes:
- 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.

2.8.3 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.

2.8.4 Trade receivables-IAS 39

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.

2.8.5 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.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

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.

2.8.6 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 and other comprehensive income. For more information, refer to Note 20.

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 and other comprehensive income.

2.8.7 Financial Instruments-intial recognition and subsequent measurement under IFRS 9

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) **Financial Assets**

Intial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue from contracts with customers above.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified into 1 category:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, other receivables, loans, cash and cash equivalents and related parties receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group 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 material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained 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. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the note below:

- Trade receivables Note 17a

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).
For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

For receivables to related parties (non-trade), other receivables and short-term deposits, the Company applies general approach in calculating ECLs. It is the Company's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit or loss and other comprehensive income, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, 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 costs
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

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 statement of profit or loss and other comprehensive income 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. This category generally applies to interest-bearing loans and borrowings.

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 and other comprehensive income.

iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.8.8 Government 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)

2.9 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.

2.10 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.

2.11 Share capital

Ordinary shares are classified as equity.

2.12 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 profit or loss, 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 profit or loss 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)

2.12 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 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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the profit or loss, 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.

2.13 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.

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)

2.13 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.

2.14 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 Revenue From Contracts with Customers (IFRS 15)
The Company is involved in the manufacturing and sale of paint.
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorised the different revenue stream detailed below.

Sale of Paints
The Company manufactures and sells paint and other decorative. Revenue are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit term is 30 to 60 days upon delivery.Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all

The paint is often sold with volume rebates based on aggregate sales over a three months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebates.The Company normally transfer the products to the customers premises as part of the sales incentive which is a logistics discount. The logistic discount which is the transport cost paid on behalf of the customer is recognised as a reduction to revenue for the related goods.The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of paint, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

i) **Variable Consideration**
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of paint and other decorative provide customers
with a right of return and usage based fees (management fee). The rights of return and usage based fees give rise to variable consideration.

Rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Customer Usage
The Company has contracts where support staffs are located in the colour centres/shops that belongs to its numerous customers. The fee charged is based on a constant rate on sales made by the customer.The total transaction price of service cost rendered by Company would be variable since the contracts have range of possible transaction prices arising from different volume purchased even though the rate per unit/band is fixed. The Company estimates the variable consideration using the expected value (i.e.., a probability weighted amount) because this method best predicts the amount of consideration.

ii) **Significant financing componet**
Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Application of paint
The Company provides service of application of paints to its customers.Such services are recognised as a performance obligation satisfied over time. Revenue is recognised by measuring progress using the input method that is labour hours.
Using the practical expedient in IFRS 15 for the application of paint, the Company has elect to recognise revenue based on the amount invoiced to the customer since the Company has a right to consideration from its customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

Contract Balances
Trade Recievables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Assets and liabilities arising from rights of return

Right of return assets
Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.
Refund Liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration

Cost to obtain a contract
The Company pays sales commission to its employees for each contract that they obtain for sales of paint. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under employee benefits and part of selling and distribution) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

2.15 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.

Finance lease
Leases that transfer substantially all the risks and rewards incidenatal 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.

2.15 Leases - Continued

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income 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. Contigent rents are recognised as revenue in the period in which they are earned.

2.16 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.

2.17 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 15 months are refunded back to the company and are treated as a liability in the company's financial statements.

Notes to the financial statements

2. Summary of significant accounting policies (continued)

2.18 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.

The company's foreign exchange risk is as follows:

	2019	2019
Cash and short term deposits:	N '000	N '000
Naira	4,092,819	4,151,457
USD	153,081	146,074
GBP	35,702	41,763
Total cash and short term deposits	4,281,602	4,339,294

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/Intangible assets
Estimates are made in determining the depreciation/amortisation 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).
The amortisation period/useful lives of intangible assets also require management estimation.

Provision for expected credit losses of trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivablesis disclosed in Note 3(b).

Impairment losses on other financial assets
The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:
• The segmentation of financial assets when their ECL is assessed on a collective basis
• Development of ECL models, including the various formulas and the choice of inputs
Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, inflation rate and GDP, and the effect on PDs, EADs and LGDs
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

4.2 Significant judgements

Revenue from Contracts with Customers
The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:
Determining the timing of satisfaction of application paints

The Company concluded that revenue for installation services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company. The fact that another entity would not need to re-perform the service that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs. The Company determined that the input method is the best method in measuring progress of the application of paint services because there is a direct relationship between the Company's effort (i.e., labour hours incurred) and the transfer of service to the customer. The Company recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Determining the timing of satisfaction of sales of paint
The Company concluded that revenue for sales of product is to be recognised as a point in time; when the

customer obtains control of the paint. The Company assess when control is transfer using the indicators below:
• The Company has a present right to payment for the product;
• The customer has legal title to the product;
• The Company has transferred physical possession of the asset and delivery note received;
• The customer has the significant risks and rewards of ownership of the product; and
• The customer has accepted the asset

Estimating variable consideration for returns and volume rebates
The Company estimates variable considerations to be included in the transaction price for the sale of paints with rights of return and volume rebates.
The Company developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company updates its assessment of expected returns monthly and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Company's past experience regarding returns may not be representative of customers' actual returns and rebate entitlements in the future.

5. Segment Analysis

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.

	2019	2018
	N'000	N'000
Operating profit	615,135	611,155
Depreciation (Note 14)	29,367	94,735
Interest income (Note 9)	118,596	70,076
Profit before taxation	733,731	679,849
Income tax (Note 11)	234,794	217,552
Total assets	7,227,180	6,311,246
Total liabilities	3,919,304	3,502,307

Entity wide information:	**2019**	**2018**
Analysis of revenue:	**N'000**	**N'000**
Sale of paint products	2,105,925	1,962,467
Revenue from services	14,260	-
	2,120,185	1,962,467

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended 31 March 2019		
Segments	**Sale of paint products**	**Application of paint**	**Total**
	N'000	**N'000**	**N'000**
Geographical markets			
Within Nigeria	2,105,925	14,260	2,120,185
Outside Nigeria	-	-	-
Total revenue from contracts with customers	**2,105,925**	**14,260**	**2,120,185**
Type of goods/service			
Sale of paint products	2,105,925	-	2,105,925
Application of paint	-	14,260	14,260
Total revenue from contracts with customers	**2,105,925**	**14,260**	**2,120,185**
Timing of revenue recognition			
Goods transferred at a point in time	2,105,925	-	2,105,925
Services transferred over time	-	14,260	14,260
Total revenue from contracts with customers	**2,105,925**	**14,260**	**2,120,185**
Sales channels			
Through intermediaries	716,015	-	716,015
Directly to customers	1,389,910	14,260	1,404,170
Total revenue from contracts with customers	**2,105,925**	**14,260**	**2,120,185**

Set out below is the amount of revenue recognised from:

	2019
	N'000
Amounts included in refund liabilities at the beginning of the year	2,070

Notes to the financial statements

Performance obligations
Information about the Company's performance obligations are summarised below:
Sale of Paints
The performance obligation is satisfied upon customers obtaining control of the paints that is upon delivery and acceptance. Invoices are usually payable generally within 30 to 60 days from delivery. Some contracts provide customers with a right of return. Returned goods are exchanged only for new goods i.e. no cash refunds are offered.

Application of paint
The performance obligation is satisfied over time and payment is generally due upon completion of the service and acceptance of the customer. Revenue is recognised by measuring progress using the input method that is labour hours.

Concentration risk

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

6. Other income

	2019 N'000	2018 N'000
Sale of scrap items	2,623	934
Profit on sale of PPE	1	13
Interest from Government grant	-	-
Management fees	16,206	14,354
Realised Exchange Loss/gain	-161	13
	18,670	15,314

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

7. Expenses by nature

		2019 N'000	2018 N'000
7i	**Cost of sales**		
	Change in inventories of finished goods and work in progress	950,327	886,698
	Staff costs	53,592	44,580
	Royalty fees (Note 29a)	37,970	33,860
	Hire of equipment	7,601	7,672
	Capdec project cost	10,347	-
	Depreciation of property,plant & equipment (Note 14)	18,386	13,344
	General risk insurance premium	5,078	3,515
	Direct overhead	2,227	2,177
	Other expenses	559	14,103
		1,086,087	1,005,949
7ii	**Admininstrative expenses**		
	Staff costs excluding directors' emoluments	151,405	132,063
	Directors' emoluments (Note 8iii)	8,352	14,500
	Auditors' fees	5,499	4,725
	Depreciation of property,plant & equipment (Note 14)\	10,538	6,959
	Amortisation of intangible assets (Note 15)	5,814	5,814
	Insurance	1,006	781
	Commercial service fees (Note 29b)	22,262	20,606
	Computer charges	7,457	8,655
	Cleaning and laundry	5,250	4,349
	Security	2,407	2,615
	Other expenses	56,669	74,335
		276,659	275,402
7iii	**Selling and distribution expenses**		
	Marketing, communication & entertainment	75,338	32,241
	Tour and travelling	9,589	9,112
	Carriage outward	24,747	17,170
	Other expenses	51,301	26,751
		160,974	85,274

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

Notes to the financial statements

8. Employee benefits

Staff costs include:	**2019 N'000**	**2018 N'000**
Wages and salaries	185,143	157,521
Pension costs:		
- Defined contribution plans (Statutory)	10,710	9,121
- Defined contribution plans (Voluntary)	9,144	10,001
	204,997	176,643

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.

	2019 N'000	**2018 N'000**
Costs		
Management	136,696	122,251
Staff	68,301	54,392
Total	204,997	176,643

Numbers	**2019 Number**	**2018 Number**
Management	88	81
Staff	123	121
	211	202

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=		2019 Number	2018 Number
300,000	700,000	29	29
700,001	1,000,000	67	59
1,000,001	1,400,000	36	36
1,400,001	1,800,000	20	17
1,800,001	2,200,000	8	8
2,200,001	2,400,000	9	9
2,600,001	3,000,000	12	14
3,000,001	4,000,000	16	17
4,000,001	5,000,000	4	4
5,000,001	6,000,000	3	3
6,000,001	8,000,000	3	3
8,000,001	9,000,000	1	1
9,000,001	10,000,000	1	1
10,000,001	16,000,000	1	0
10,000,001	18,000,000	1	1
		211	202

(iii) Emoluments of directors

	2019 N'000	2018 N'000
Fees	294	362
Passage allowance	8,352	14,500
Other emoluments	3,878	3,878
	12,524	18,740

	2019	2018
(iv) The Chairman's emoluments	-	2,930
(v) Emolument of the highest paid director	3,878	3,878

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=	2019 Number	2018 Number
14,000,001 - 16,000,000	1	-
18,000,001 - 20,000,000	-	1
	1	1

Key management compensation

Key management have been defined as the executive directors.

Key management compensation includes:	2019 N'000	2018 N'000
Short-term employee benefits:		
- Wages and salaries	3,878	3,878
- Directors emoluments	1,941	2,161
Post employment benefits:		
- Defined contribution plan	395	373
	6,214	6,412

The above amounts have been included in directors emoluments above.

9. Finance income

	2019 N'000	2018 N'000
Interest income on short-term bank deposits	118,596	70,076
Interest income on loan to related party	-	
Interest income on finance lease assets		
	118,596	70,076

10. Finance Cost

	2019 N'000	2018 N'000
Interest cost	-	1,382
	-	1,382

Notes to the financial statements

11. Taxation

	2019 N'000	2018 N'000
Current tax		
Nigeria corporation tax charge for the year	220,119	747,194
Education tax	-	53,647
Capital gain tax		
Income tax expense	220,119	800,841

Nigeria corporation tax is calculated at 30% (2017: 30%) of the estimated assessable profit for the year.

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

	2019 N'000	2018 N'000
Accounting Profit before tax	**733,731**	**679,849**
Tax at the Nigeria corporation tax rate of 30% (2017: 30%)	220,119	203,955
Impact of disallowable expenses		
Impact of Education tax		
Prior year over provision	14,675	13,597
Tax exempt income		
Capital gain tax	-	-
Tax incentives		
	234,794	**217,552**
Effective tax rate	32%	32%
Income tax for the year		
Tax at the Nigeria corporation tax rate of 30% (2017: 30%)	220,119	203,955
Education tax	14,675	13,597
Prior Year Over Provision	-	
Capital gain tax	-	-
Deferred tax charged/ writeback for the year		
Tax charge for the year	**234,794**	**217,552**

Notes to the financial statements

11. Taxation (continued)

	2019 N'000	2018 N'000
Per statement of profit or loss		
Income tax	220,119	747,194
Education tax	14,675	53,647
Prior CIT over provision	0	-271,196
Capital gain tax	-	-
Deferred taxation (Note 23)	0	38,844
	234,794	568,489
Per statement of financial position:		
Balance 1 January	800,841	652,175
(Payments)/writeback during the year:		
Income tax		-273,654
Education tax		-45,335
Capital gains tax		-92
Back duty tax		0
Total cash payment	0	-319,081
WHT Utilised		-61,898
Prior CIT over provision		-271,196
	0	-652,175
Provision for the year:		
Income tax	220,119	747,194
Education tax	14,675	53,647
Capital gain tax	0	-
	234,794	800,841
Balance as at 31 December	1,035,635	800,841

Notes to the financial statements

12. Dividends

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

	2019 N'000	2018 N'000
At 1 January	1,013,328	809,598
*Approved dividend	-	1,435,000
***Dividend refunded	-	206,683
Payments during the year	-227	-1,437,953
At 31 December	1,013,101	1,013,328

***The dividend refunded relates to a recall of dividend deposited with the Registrars which have stayed over and above 15 months in accordance with SEC requirement.

Approved dividend for 2018: 250 kobo per share (2017:205 kobo per share)

The directors proposed, out of 2018 profit, a dividend of 250 kobo per share amounting to N1,750,000,000 subject to approval at the annual general meeting and are not recognised as liability as at 31 Dec. 2018

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.

	2019	2018
Weighted average number of ordinary shares in issue ('000)	700,000	700,000
Profit attributable to ordinary equity shareholders (N'000)	498,937	462,297
Basic earnings per share (kobo)	71	66
(b) Diluted	71	66

There were no potentially dilutive shares outstanding at 31 March 2019.

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 2018	11,472	53,846	159,696	745,909	135,821	138,543	50,776	1,296,062
Additions	-	843	15,449	69,617	14,491	79,358	-	179,758
Disposals			(41,376)	(1,676)	(2,202)		-	(45,254)
Reclassification							(45,776)	
At 31 December 2018	11,472	54,688	133,769	813,851	148,110	217,901	5,000	1,384,791
At 1 January 2019	11,472	54,688	133,769	813,851	148,110	217,901	5,000	1,384,791
Additions	-	-	84,309	135	2,560	25,932	-	112,936
Disposals	-	-	-	-	(36)	-	-	(36)
Reclassifications	-	0	-	-	-	-	-	-
At 31 March 2019	11,472	54,688	218,078	813,986	150,634	243,833	5,000	1,497,690
Accumulated depreciation								
At 1 January 2018	3,862	15,872	138,995	248,831	110,461	86,984	-	605,004
Charge for the year	-	1,765	12,480	44,893	14,679	20,919	-	94,735
Disposals	-	-	(41,307)	(1,665)	(1,939)		-	(44,911)
At 31 December 2018	3,862	17,637	110,167	292,059	123,201	107,903	-	654,828
At 1 January 2019	3,862	15,872	138,995	248,831	110,461	86,984	-	654,828
Charge for the year	-	443	6,902	11,484	3,438	7,100	-	29,367
Disposals	-	-	-	-	(36)		-	(36)
At 31 March 2019	3,862	16,315	145,897	260,316	113,863	94,084	-	684,159
Net book values								
At 31 March 2019	7,610	38,373	72,181	553,670	36,771	149,749	5,000	813,531
At 31 December 2018	7,610	37,051	23,602	521,792	24,909	109,998	5,000	729,958

Leasehold properties have an unexpired tenure of between 42 and 64 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:	2019 N'000	2018 N'000
At 1 January	25,814	102,306
Additions		13,964
Balance at 31 March	**25,814**	**116,270**
Amortization of software		
At 1 January		67,202
Amortization of software during the year	5,814	23,255
Balance at 31 December	**5,814**	**90,457**
Net Balance At 31 March	**20,001**	**25,814**

Notes to the financial statements

16. Inventories

	Valued at:	2019 N'000	2018 N'000
Raw materials	Cost	340,425	295,194
Intermediates	Cost	22,689	14,330
Technical stocks and spares	Cost	29,392	31,520
Containers and labels	Cost	62,496	43,777
Consumable stocks	Cost	36,521	27,654
Finished goods	Cost	869,099	471,641
		1,360,622	884,115

The amount of inventory expensed during the period is N950.329,000 (2018 N886,698,000) This is recognised in cost of sales.

17a Trade and other receivables

Receivables due within one year	2019 N'000	2018 N'000
Trade receivables	473,747	123,393
Less: provision for impairment of trade receivables	(20,153)	(34,419)
Net trade receivable	453,594	88,974
Receivables from related parties (Note 25)	5,216	14,245
Impairment on receivables from related parties	(6,253)	(6,253)
Witholding tax receivable	25,472	20,689
Impairment on witholding tax receivable	(14,812)	(14,080)
Witholding tax credit notes received	18,264	17,575
Other receivables	94,561	73,870
Impairment on other receivables	(22,668)	(22,649)
Advances to staff	118	118
	553,491	172,488

Other receivables includes interest receivables and non-interest bearing advances granted to trade partners.

Movements in the provision for expected credit losses on trade receivables are as follows:

	2019 N'000	2018 N'000
At 1 January under IAS 39	34,419	34,419
Adjustment upon application of IFRS 9	-----------	-
Balance as at 1 January 2018 – As restated	**34,419**	-
Additional impairment charge for the year		
Receivables written off during the year	(14,266)	
At 31 March	20,153	34,419

17. Trade and other receivables (continued)

17b **Receivables due after one year, finance lease receivables**

	2019	2018
	N'000	N'000
Gross investment in lease	91,601	91,601
Unearned finance income	(81,224)	(81,224)
Net investment in lease	10,377	10,377
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	-81,224	(81,224)
Present value of finance lease receivable	10,377	10,377
The present value is analysed as follows:		
- No later than 1 year	1,606	1,606
- 2 to 5 years	4,306	4,306
- More than 5 years	4,464	4,464
	10,377	10,377

The company has finance lease for a warehouse to a related party, MDS Logistics. The lease is for a total period of 51 years; of this period 41 years remain in the contract. The property reverts to the company at the end of the lease period.

18. Prepayments

	2019	2018
	N'000	N'000
Import prepayment	-	13,539
Other prepayments	126,429	61,648
Packaging Material	41,733	49,083
Insurance	18,469	24,001
	186,630	**148,270**

Other prepayments includes staff prepayments on housing, education allowance etc.

19. Cash and cash equivalents

	2019	2018
	N'000	N'000
Cash at bank and in hand	240,638	196,933
Short-term deposits	4,040,964	4,142,361
	4,281,602	**4,339,294**

Cash at banks earns interest at floating rates on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months,depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

In 2015, Security and Exchange Commision directed all Registrars to return all unclaimed dividends, which have been in their custody for 15 months and above, to the paying companies. Included in the cash and shorterm deposits is N1.395b which represents unclaimed dividends received from Africa Prudential Registrars as at 31st March 2019.

Notes to the financial statements

20. Trade and other payables

	2019 N'000	2018 N'000
Trade payables	291,787	344,147
Royalty accrual	177,797	139,827
	469,584	**483,974**
Provision for employee leave	8,412	1,515
VAT payable	95,055	168,790
Witholding tax payable	2,145	17,102
Income received in advance	229,003	203,223
Accrued marketing expenses	55,164	17,260
Payable to related parties	37,262	38,074
Accrued customers rebate	133,830	-
Accrued import prepayment	80,126	-
Accrued dealer's reward	20,960	15,186
Accrued audit fee	14,256	20,948
Sundry creditors	54,025	52,724
Reclassification of dividend payable	389,043	389,043
Other accruals	152,581	151,177
	1,741,446	1,559,016

Other accruals includes gratuity payable to staff, car grant payable to staff, accrued incentives to staff

and professiional fee outstnding during the period.

	2019	2018
Average credit period taken for trade purchases (days)	30	30

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled on 30 days term.
Other payables are non-interest bearing and have an average term of six months.

21. Share capital

			2018	
	Number '000	Amount N'000	Number '000	Amount N'000
Authorised:				
Ordinary shares of 50k each	1,500,000	750,000	1,500,000	750,000
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 2018	700,000	350,000
At 31 December 2018	700,000	350,000

Share premium	N'000 2019	2018
Balance at 1 January	19,254	19,254
At 31 March	19,254	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.

Notes to the financial statements

22. Deferred tax

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

Statement of financial position:	2019 N'000	2018 N'000
Accelerated depreciation property, plant & equipment	132,630	132,630
Trade and other receivables	-30,456	-30,456
Inventories	-2,126	-2,126
	100,049	100,048
Accelerated depreciation property, plant & equipment	156,905	156,905
Trade and other receivables	-24,768	-24,768
Inventories	-5,083	-5,083
	127,053	127,053

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

	2019 N'000	2018 N'000
At 1 January	-127,053	-100,049
Adjustment upon adoption of new standards		11,840.00
At 1 January (restated)	-127,053	-88,209
Profit or loss charge (Note 11)		-38,844
At 31 March	-127,053	-127,053

23. Refund Asset

	2019	2018
Right of return assets	926	926
	926	926

This relates to return asset on right of return previously taken as cost of sales.

24. Refund Liability

At 1 January		-
At 31 March	2,070	2,070
	2,070	2,070

This relates to refund liabililty on right of return previously taken as revenue.

Notes to the financial statements

25. 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:

(a) Sales of goods and services

	Relationship		2019 N'000	2018 N'000
UAC of Nigeria Plc	Parent	Service	686	686
UAC Foods Limited	Fellow subsidiary	Sales of paint	1,221	1,565
UACN Property Dev. Company Plc	Fellow subsidiary	Sales of paint	141	29,108
UAC Restaurants	Fellow subsidiary	Sales of paint	92	654
			2,140	32,013

(b) Purchases of goods and services

	2019 N'000	2018 N'000
UAC of Nigeria Plc: Commercial service fee (Note 7)	22,262	20,606

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

Receivable:	Relationship		2019 N'000	2018 N'000
UNICO CPFA Limited	Fellow subsidiary	Pension service	0	-
UACN Property Dev. Company Plc	Fellow subsidiary	Sales of paint	1,181	10,521
UAC of Nigeria Plc	Parent	Service	84	-
Portland Paint Products Nig. PLC	Fellow subsidiary	Service	2,775	2,735
Grand Cereal Ltd	Fellow subsidiary	Service	0	0
UAC Foods Ltd	Fellow subsidiary	Sales of paint	1,260	989
			5,300	14,245

Payable:	Relationship		2019	2018
Grand Cereal Ltd	Fellow subsidiary		-	150
Portland Paint Products Nig. PLC	Fellow subsidiary		15,000	15,000
UAC of Nigeria Plc	Parent	Service	22,262	22,924
			37,262	38,074

Notes to the financial statements

25. Related party transactions (continued)

Finance lease receivable	Relationship	**2019** **N'000**	**2018** **N'000**
MDS Logistics	Fellow subsidiary	10,377	10,377

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2019, the Company recorded an impairment of receivables relating to amounts owed by related parties 2019: N6,252,659.98 (2018: N6,252,659.98). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

26. Fair values

The carrying value of cash and cash equivalent, trade and other receivables, trade and other payables and receivables from related parties approximates their fair values as at the reporting dates.

Methods and assumptions used:

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. These includes cash and cash equivalent.