CAP plc

Chemical and Allied Products Plc

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2019

Contents	**Pages**

Chemical and Allied Products Plc
Unaudited Statement of Profit or Loss and Other Comprehensive Income
For the period ended June 2019

Statement of profit or loss and other comprehensive income

	Notes	6 Months to June 2019 N'000	3 Months to June 2019 N'000	6 Months to June 2018 N'000	3 Months to June 2018 N'000
Revenue	5	3,906,830	1,811,392	3,793,442	1,848,145
Cost of sales	7i	(2,047,707)	(961,620)	(1,973,598)	(967,649)
Gross profit		1,859,123	849,772	1,819,844	880,496
Selling and distribution expenses	7iii	(263,558)	(127,331)	(151,226)	(83,122)
Administrative expenses	7ii	(589,071)	(312,412)	(518,530)	(243,128)
Other income	6	33,084	14,414	31,347	16,033
Operating profit		1,039,578	424,443	1,181,435	570,279
Finance income	9	237,392	118,796	169,634	99,558
Finance cost	10	(434)	(434)	(2,397)	(1,015)
Net Finance income		236,958	118,362	167,237	98,543
Profit before taxation		1,276,536	542,805	1,348,672	668,823
Income tax expense	11	(408,492)	(173,698)	(431,575)	(214,023)
Profit for the period		868,044	369,107	917,097	454,800
		-	-	-	-
Total comprehensive income for the period		868,044	369,107	917,097	454,800
Earnings per share for profit attributable to the equity holders of the company:					
Basic and diluted EPS (kobo)	13	124	53	131	65

The notes on pages 7 to 36 are an integral part of these financial statements.

Chemical and Allied Products Plc
Unaudited Statement of Financial Position
As at 30 June 2019

Statement of financial position

	Notes	2019 N'000	2018 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	796,404	729,962
Right of use assets	16	6,136	-
Intangible assets	15	14,187	25,814
Finance lease receivable	18	10,377	10,377
		827,104	766,153
Current assets			
Inventories	16	1,093,231	884,115
Refund asset	24	193	926
Trade and other receivables	18	569,661	172,488
Prepayments	19	238,521	148,270
Cash and cash equivalents	20	2,799,731	4,339,294
		4,701,337	5,545,093
Total assets		**5,528,441**	**6,311,246**
Liabilities			
Non-current liabilities			
Lease Liability	27	5,770	-
Deferred taxation liabilities	23	127,053	127,053
		132,823	127,053
Current liabilities			
Trade and other payables	21	1,702,936	1,559,016
Refund liability	25	574	2,070
Lease Liability	27	869	-
Current income tax liabilities	11	1,031,155	800,841
Dividend payable	12	1,012,444	1,013,328
		3,747,978	3,375,254
Total liabilities		**3,880,801**	**3,502,307**
Equity			
Ordinary share capital	22	350,000	350,000
Share premium	22	19,254	19,254
Retained earnings		1,278,386	2,439,685
Total equity		**1,647,640**	**2,808,939**
Total equity and liabilities		**5,528,441**	**6,311,246**

The Financial Statements on pages 7 to 36 has been approved and authorized for issue by the Board of Directors on the 24th of July 2019.

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

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

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Chemical and Allied Products Plc
Unaudited Statement of Changes in Equity
For the period ended 30 June 2019

	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
Profit for the year	-	-	2,029,343	2,029,343
Total comprehensive income:			2,029,343	2,029,343
Transaction with owners:				
Dividend paid and proposed	-	-	(1,435,000)	(1,435,000)
Balance at 31 December 2018	**350,000**	**19,254**	**2,439,685**	**2,808,939**
Balance at 1 January 2019	350,000	19,254	2,439,685	2,808,939
Profit for the year	-	-	868,044	868,044
Total comprehensive income:	-	-	3,307,729	3,676,983
Transactions with owners:				
Dividend paid and proposed	-	-	(2,029,343)	(2,029,343)
Balance at 30 June 2019	**350,000**	**19,254**	**1,278,386**	**1,647,640**

Chemical and Allied Products Plc
Unaudited Statement of Cash Flow
For the period ended 30 June 2019

	Notes	2019 N'000	2018 N'000
Profit before taxation		1,276,536	1,348,672
Adjustments for:			
Depreciation	14	58,873	42,538
Amortisation	15	11,627	11,627
Profit on sale of PPE	6	1	(78)
Finance costs	10	434	2,397
Finance income	9	(237,392)	(169,634)
Impairment and write off on trade receivable		13,429	-
impairment on intercompany receivable		480	-
Impairment of short term deposit		(28,623)	-
Net foreign exchange loss/(gains)	4	1,976	(13)
Cash from operations before working capital changes		**1,097,341**	**1,235,509**
(Increase) in inventory	16	(209,116)	(2,698)
(Increase) in trade and other receivables	17	(411,082)	(396,336)
Increase in payables	21	143,920	168,311
(Increase) in prepayment	18	(90,251)	(202,754)
(Decrease) in return asset		733	-
(Decrease) in refund liability		(1,496)	-
Cash generated from operations		**530,049**	**802,032**
Income taxes paid	11	(178,182)	(319,081)
Net cash from operating activities		**351,867**	**482,951**
Cash flows from investing activities			
Purchase of PPE	14	(125,244)	(51,319)
Purchase of Intangible assets	15	-	414
Proceeds from disposal of PPE		2	-
Interest received	9	237,392	169,634
Net cash flow/(used) in investing activities		**112,150**	**118,729**
Cash flows from financing activities			
Dividends paid		(2,030,227)	(1,291,500)
Dividends re-imbursement			(10,000)
Finance costs	10		(2,397)
Loan Repayment			(40,006)
Net cash from financing activities		**(2,030,227)**	**(1,343,903)**
Net increase in cash and cash equivalents		**(1,566,210)**	**(742,223)**
Net foreign exchange loss/(gains)		1,976	
Cash and cash equivalents at beginning of period	**19**	**4,339,294**	**2,820,459**
Impact of ECL on cash & cash equivalent		28,623	0
Cash and cash equivalents at end of period	**19**	**2,799,731**	**2,078,236**

The notes on pages 7 to 36 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.

2.1.1 Going Concern

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

2.1.2 Amended accounting standards adopted

The standards and interpretations listed below have become effective since 31 August 2016 for annual periods beginning on 1 January 2018. While the list of new standards is provided below, not all of these new standards will have an impact on this financial statements.

The following new standards and amendments became effective as of 1 January 2017:

• IAS 7 Disclosure Initiative - Amendments to IAS 7
• IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12
• AIP IFRS 12 Disclosure of Interests in Other Entities Clarification of the scope of the disclosurerequirements in IFRS 12

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

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

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments do not have any impact on the Company, given that it has not used a revenue-based method to depreciate its non-current assets.

(b) Annual Improvements 2012-2014 Cycle

These improvements include:
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
IFRS 7 Financial Instruments: Disclosures
IAS 19 Employee Benefits
IAS 34 Interim Financial Reporting
These amendments do not have any impact on the Company.

2.1.3 Impact of new standards, amendments and interpretations

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

1. Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions – 1 January 2018

2. Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - 1 January 2018

3. Amendments to IAS 40: Transfers of Investment Property – 1 January 2018
4. IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration – 1 January 2018
5. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
6. IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice – 1 January 2018
7. IFRS 16 – Leases – 1 January 2019
8. Amendments to IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture – Effective date has been deferred indefinitely
9. IFRS 17 – Insurance Contracts – 1 January 2021
10. IFRS 1 – First Time Adoption of International Financial Reporting Standards – Deletion of Short-term exemptions for first-time adopters – 1 January 2018.

Impact Analysis of IFRS 9 and IFRS 15

The following have been identified to be applicable to the Company's financial statements:

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

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

a) Classification and measurement

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the company expects that these will continue to be measured at amortised cost under IFRS 9.

(b) Impairment

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

IFRS 9 deals with accounting for financial instruments like loans and advances, customer deposits, government securities, cash, borrowings, debtors and creditors. The standard guides the classification and measurement, impairment and hedging of the financial instruments

The objective of this standard is to establish principle for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements.

Our financial liabilities are measured at fair value through the statement of profit or loss and other comprehensive. Loan obtained from Bank of Industry has been assessed at fair value, hence there is nil impact on our statement of financial

(b) Hedge accounting

The company has no existing hedge relationships.

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

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard supersedes all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. Furthermore, the Company is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments. The Company is in the business of sales and appication of paints.The paints and services are sold both on its own in separate identified contracts with customers and together as a bundled package of goods and/or services.

(a) Sale of goods

This is a contract with customers in which the sales and/or application of paints is the performance obligation. The company recognises revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and/or services

(b) Rendering of services

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

(c) Presentation and disclosure requirements

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

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

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

IAS 7 Disclosure Initiative – Amendments to IAS 7

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

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

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

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

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

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

IFRS 16 Leases

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

2.2 Segment reporting

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

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Foreign currency policy

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

2. Summary of significant accounting policies (continued)

2.4 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administration purposes, are stated at cost less any accumulated impairment losses (for land and 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 during the financial period in which they are incurred.

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

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

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

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.

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.

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

2.8.1 Initial recognition and measurement

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

(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 and other comprehensive income. The losses arising from impairment are recognised in the profit or loss in finance costs for loan and in the other operating expenses for receivables.The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 17 and 19).

2. Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

Derecognition

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

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

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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.

- 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

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.

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.

2.8.7 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.

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. 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.

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.

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.

2.15 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 18montths are refunded back to the company and are treated as liability in the company's 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	2018
Cash and short term deposits:	N '000	N '000
Naira	2,615,100	4,144,349
USD	152,095	146,074
GBP	32,536	41,763
Total cash and short term deposits	2,799,731	4,332,186

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.

Allowance for uncollectible accounts receivable and advances
The allowance for doubtful accounts involves management judgement and review of individual receivable balances based on an individual customer's prior payment record, current economic trends and analysis of historical bad debts of a similar type.(refer to Note 2.8.4 for further details).

4.2 Significant judgements

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

5. Analysis by revenue

The Company

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

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

	2019	2018
	N'000	N'000
Operating profit	1,039,578	1,181,435
Depreciation (Note 13)	58,804	76,975
Interest income (Note 9)	236,958	167,237
Profit before taxation	1,276,536	1,348,672
Income tax (Note 10)	408,492	431,575
Total assets	5,528,441	6,311,246
Total liabilities	3,880,801	3,502,307

Entity wide information:	**2019**	**2018**
Analysis of revenue:	**N'000**	**N'000**
Sale of paint products	3,943,231	3,839,442
Distribution cost	(52,333)	(46,000)
Revenue from services	15,933	-
	3,906,830	3,793,442
Analysis of revenue by geographical location:		
Sale of paint products	3,906,830	3,793,442

Revenue from services relates to application of paints for some customers

Concentration risk

Three customers who are agents of the company contributed 34% of the turnover.

6. Other income

	2019	2018
	N'000	N'000
Sale of scrap items	4,807	2,623
Profit on sale of PPE	1	78
Management fees	30,251	28,633
Exchange Loss	(1,976)	13
	33,084	31,347

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

7. Expenses by nature

		2019	2018
		N'000	N'000
7i	**Cost of sales**		
	Change in inventories of finished goods and work in progress	1,769,930	1,729,297
	Staff costs excluding directors' emoluments (Note 8i)	115,027	98,745
	Royalty fees (Note 27a)	73,651	66,751
	Hire of equipment	16,211	14,934
	Capdec project cost	-	-
	Depreciation of property,plant & equipment (Note 14)	36,567	26,691
	General risk insurance premium	10,155	7,030
	Direct overhead	3,150	3,150
	Other expenses	23,016	27,000
		2,047,707	1,973,598
7ii	**Admininstrative expenses**		
	Staff costs excluding directors' emoluments (Note 8i)	335,572	253,183
	Directors' emoluments (Note 8iii)	18,534	28,862
	Auditors' fees	10,997	9,450
	Depreciation of property,plant & equipment (Note 14)	22,307	15,847
	Amortisation of intangible assets	11,627	11,627
	Insurance	2,044	1,563
	Commercial service fees (Note 27b)	41,022	40,314
	Computer charges	14,432	15,123
	Cleaning and laundry	10,846	8,570
	Security	5,231	5,205
	Other expenses	116,460	128,786
		589,071	518,530
7iii	**Selling and distribution expenses**		
	Marketing, communication & entertainment	143,089	64,183
	Tour and travelling	21,970	24,115
	Other expenses	98,500	62,928
		263,558	151,226

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

8. Employee benefits

Staff costs include:	2019 N'000	2018 N'000
Wages and salaries	409,713	314,743
Pension costs:		
- Defined contribution plans (Statutory)	23,310	18,785
- Defined contribution plans (Voluntary)	17,576	18,400
	450,599	351,928

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	315,035	223,936
Staff	135,564	127,992
Total	450,599	351,928

Numbers	2019 Number	2018 Number
Management	92	78
Staff	123	148
	215	226

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	30	16
700,001	1,000,000	67	75
1,000,001	1,400,000	36	52
1,400,001	1,800,000	20	27
1,800,001	2,200,000	8	4
2,200,001	2,400,000	9	6
2,600,001	3,000,000	14	16
3,000,001	4,000,000	17	16
4,000,001	5,000,000	5	5
5,000,001	6,000,000	3	2
6,000,001	8,000,000	3	5
8,000,001	9,000,000	1	1
9,000,001	10,000,000	1	0
10,000,001	16,000,000	1	1
10,000,001	18,000,000	0	0
		215	226

(iii) Emoluments of directors

	2019 N'000	2018 N'000
Fees	588	725
Passage allowance	18,534	28,862
Other emoluments	13,059	7,678
	32,181	37,265

	2019	2018
(iv) The Chairman's emoluments	-	6,506
(v) Emolument of the highest paid director	13,059	7,678

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	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	13,059	7,678
- Directors emoluments	3,882	4,333
Post employment benefits:		
- Defined contribution plan	911	768
	17,852	12,779

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	237,392	169,634
Interest income on loan to related party	-	
Interest income on finance lease assets	-	
	237,392	169,634

10. Finance Cost	2019 N'000	2018 N'000
Lease interest expenses	434	
Interest cost	-	2,397
	434	2,397

11. Taxation

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	**1,276,536**	**1,348,672**
Tax at the Nigeria corporation tax rate of 30% (2016: 30%)	382,961	404,602
Impact of disallowable expenses	-	-
Impact of Education tax	25,531	26,973
Prior year under provision	-	-
Impact of Non taxable income		
Capital gain tax	-	
Utilisation of previously unrecognised tax losses	-	
	408,492	**431,575**
Effective tax rate	32%	32%
Income tax recognised in profit or loss		
Tax at the Nigeria corporation tax rate of 30% (2013: 30%)	382,961	404,602
Education tax	25,531	26,973
Prior Year Under Provision	-	-
Capital gain tax	-	-
Deferred tax charged/ writeback for the year	-	
Tax charge for the year	**408,492**	**458,548**

11. Taxation (continued)

	2019 N'000	2018 N'000
Per statement of profit or loss		
Income tax	382,961	404,602
Education tax	25,531	26,973
FIRS credit		
Capital gain tax	0	
Deferred taxation (Note 24)	0	
	408,492	431,575
Per statement of financial position:		
Balance 1 January	800,841	652,175
(Payments)/writeback during the year:		
Income tax	(124,534)	(273,654)
Education tax	(53,648)	(45,335)
WHT Utilised	0	(44,388)
FIRS credit used	0	(271,196)
Capital gains tax	0	(92)
Back duty tax	0	0
	(178,182)	(634,665)
Provision for the year:		
Income tax	382,961	747,194
Education tax	25,531	53,647
Capital gain tax	0	
WHT Credit Notes		(17,510)
	408,492	783,331
Balance as at 31 December	1,031,155	800,841

12. Dividends

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

	2019	2018
	N'000	N'000
At 1 January	1,013,328	809,598
*Approved dividend	2,029,343	1,435,000
Unpaid Dividend	-	-
***Dividend refunded	-	206,683
Payments during the year	(2,030,227)	(1,437,953)
At 30 June	1,012,444	1,013,328

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

13. Earnings per share

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

	2019	2018
Weighted average number of ordinary shares in issue ('000)	700,000	700,000
Profit attributable to ordinary equity shareholders (N'000)	868,044	917,097
Basic earnings per share (kobo)	124	131
(b) Diluted	124	131

There were no potentially dilutive shares outstanding at 30 June 2019.

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	ROU	WIP N'000	Total N'000
At 1 January 2018	11,472	53,846	161,750	743,860	135,821	138,543		50,776	1,296,068
Additions	-	843	15,449	69,617	14,491	79,358		-	179,758
Disposals			(41,376)	(1,676)	(2,202)			-	(45,254)
Reclassification	-	-	-					(45,776)	(45,776)
At 31 December 2018	11,472	54,689	135,823	811,801	148,110	217,901		5,000	1,384,796
At 1 January 2019	11,472	54,689	135,823	811,801	148,110	217,901		5,000	1,384,796
Additions	-	-	84,309	970	3,032	36,933		-	125,244
Disposals	-	-	-	-	(36)	-		-	(36)
Reclassifications	-	0	(2,054)	2,051	-	-		-	(3)
At 31 May 2019	11,472	54,689	218,078	814,822	151,106	254,834		5,000	1,510,000
Accumulated depreciation									
At 1 January 2018	3,862	15,872	138,995	248,831	110,461	86,984		-	605,005
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	110,168	292,059	123,201	107,903		-	654,829
At 1 January 2019	3,862	17,637	110,167	292,059	123,201	107,903		-	654,829
Charge for the year	-	887	13,807	22,759	6,564	14,787		-	58,804
Reclassifications			(939)	937					(1)
Disposals	-	-	-	-	(36)			-	(36)
At 30 June 2019	3,862	18,524	123,035	315,756	129,729	122,690		-	713,596
Net book values									
At 30 June 2019	7,610	36,165	95,043	499,066	21,377	132,144		5,000	796,404
At 31 December 2018	7,610	37,052	25,655	519,741	24,909	109,998		5,000	729,962

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	116,271	116,271
Additions		
Balance at 31 December	**116,271**	**116,271**
Amortization of software		
At 1 January	90,456	90,456
Amortization of software during the year	11,627	-
Balance at 31 December	**102,083**	**90,456**
Net Balance At 30 June 2019	**14,187**	**25,814**

16. Right of use assets

	2019	2018
At 1 January	-	-
Impact of IFRS 16	6,205	
Charge for the year	(69)	
At 30 June		-
	6,136	-

17. Inventories

	Valued at:	2019 N'000	2018 N'000
Raw materials	Cost	352,093	295,194
Intermediates	Cost	17,953	14,330
Technical stocks and spares	Cost	32,702	31,520
Containers and labels	Cost	62,065	43,777
Consumable stocks	Cost	35,054	27,654
Finished goods	Cost	593,364	471,641
		1,093,231	884,115

18a Trade and other receivables

Receivables due within one year	2019 N'000	2018 N'000
Trade receivables	514,441	123,393
Less: provision for impairment of trade receivables	(34,061)	(34,419)
Net trade receivable	480,380	88,974
Receivables from related parties (Note 25)	7,773	14,245
Impairment on receivables from related parties	(6,253)	(6,253)
Witholding tax receivable	46,893	20,689
Impairment on witholding tax receivable	(18,860)	(14,080)
Witholding tax credit notes received	-	17,575
Other receivables	81,222	73,870
Impairment on other receivables	(21,611)	(22,649)
Advances to staff	118	118
	569,661	172,488

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	19,643
Adjustment upon application of IFRS 9		6,260
	-----------	-----------
Balance as at 1 January 2018 – As restated	**34,419**	**25,903**
Additional impairment charge for the year	13,908	14,776
Receivables written off during the year	(14,266)	(6,260)
At 30 June	34,061	34,419

18. Trade and other receivables (continued)

18b Receivables due after one year, finance lease receivables

	2019 N'000	2018 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.

19. Prepayments

	2019 N'000	2018 N'000
Import prepayment	48,972	13,539
Other prepayments	141,801	61,648
Packaging Material	35,283	49,083
Insurance	12,465	24,001
	238,521	**148,270**

20. Cash and cash equivalents

	2019 N'000	2018 N'000
Cash at bank and in hand	187,378	196,933
Short-term deposits	2,612,353	4,142,361
	2,799,731	**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

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 December 2018.

21. Trade and other payables

	2019 N'000	2018 N'000
Trade payables	124,779	344,147
Royalty accrual	196,831	139,827
	321,610	**483,974**
Provision for employee leave	4,636	1,515
VAT payable	103,795	168,790
Witholding tax payable	1,811	17,102
Income received in advance	121,034	203,223
Accrued marketing expenses	75,303	17,260
Payable to related parties	38,286	38,074
Accrued customers rebate	109,775	-
Accrued dealer's reward	39,734	15,186
Accrued audit fee	11,302	20,948
Sundry creditors	55,815	52,724
Reclassification of dividend payable	389,043	389,043
Other accruals	430,792	151,177
	1,702,936	1,559,016

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

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

22. Share capital

			2018	
	Number	Amount	Number	Amount
Authorised:	**'000**	**N'000**	**'000**	**N'000**
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 2019	700,000	350,000
At 30 June 2019	700,000	350,000

Share premium	**N'000** **2019**	**N'000** **2018**
Balance at 1 January	19,254	19,254
At 30 June	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.

23. 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
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	(100,049)	(51,998)
	(100,049)	(51,998)
Accelerated depreciation property, plant & equipment	156,905	132,630
Trade and other receivables	(24,768)	(30,456)
Inventories	(5,083)	(2,126)
	127,055	100,049

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

	2019 N'000	2018 N'000
At 1 January	(100,049)	(51,998)
Adjustment upon adoption of new standards	11,840	
At 1 January (restated)	(88,209)	
Profit or loss charge (Note 11)	(38,844)	(48,051)
At 31 December	(127,053)	(100,049)

	2019	2018
24. Refund Asset		
At 1 January		-
At 30 June	193	926
	193	926
25. Refund Liability		
At 1 January		-
At 30 June	574	2,070
	574	2,070

26. 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	95	686
UAC Foods Limited	Fellow subsidiary	Sales of paint	1,221	1,565
UACN Property Dev. Compar	Fellow subsidiary	Sales of paint	7,158	29,108
UAC Restaurants	Fellow subsidiary	Sales of paint	1,306	654
Portland Paint Products Nig. I	Fellow subsidiary	Service	20,409	-
			30,189	32,013

(b) Purchases of goods and services

	2019 N'000	2018 N'000
UAC of Nigeria Plc: Commercial service fee (Note 7)	41,022	81,534

(c) Key management compensation

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

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

	Relationship		2019	2018
Receivable:			**N'000**	**N'000**
UACN Property Dev. Compar	Fellow subsidiary	Sales of paint	1,078	10,521
UAC of Nigeria Plc	Parent	Service	-	0
Portland Paint Products Nig. I	Fellow subsidiary	Service	5,703	2,735
UAC Foods Ltd	Fellow subsidiary	Sales of paint	1,260	989
UAC Restaurants			992	-
			9,033	14,245

Related party transactions (continued)

		2019	2018
Finance lease receivable		**N'000**	**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 year ended 31 December 2018, the Company recorded an impairment of receivables relating to amounts owed by related parties 2018: N6,252,659.98 (2017: N6,690,000). 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.

27. Lease Liability

	2019	2018
	N'000	**N'000**
Current	869	-
Non-Current	5,770	-
	6,639	-

28. Events after reporting date

No event or transaction has occurred since the reporting date which would have a material effect on this financial statements.