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with less



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2019  
ANNUAL REPORT &  
FINANCIAL STATEMENTS





Our Vision

Creating  
a new

AFRICA



inspired by colours

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VALUE  
PACK



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## Vision, Mission and Shared Values



**Our Vision**

**Creating  
a new  
AFRICA**

**inspired by colours**

It starts with you!

**Mission**

Providing individuals and organizations with products and services to create colourful and exciting spaces.

**Values**

Integrity. Courage. Empowerment.  
Leadership. Innovation & Customer-Centric

## Financial Highlights



	2019 N000	2018 N000	% change
Revenue	8,410,650	7,670,315	10
Operating profit	2,120,108	2,285,200	(7)
Finance income	426,496	327,249	30
Other income	97,935	64,309	52
Profit before taxation	2,545,735	2,597,832	(2)
Taxation	(803,647)	(568,489)	(41)
Profit for the year	1,742,088	2,029,343	(14)
Total equity and liabilities	6,760,961	6,311,246	7
Additions to property, plant & equipment (PPE)	270,956	133,982	102
Depreciation on PPE	130,960	94,736	(38)
Cash and cash equivalents	4,322,987	4,339,294	0
Earnings per share (kobo) - Basic and diluted	249	290	(14)
Net asset per share (kobo) - Basic	360	320	13
Number of shares in issue	700,000	700,000	0
Market capitalisation as at December 31	16,800,000	24,395,000	(31)

## Notice of Annual General Meeting



**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Chemical and Allied Products Plc will be held at No 2 Adeniyi Jones Avenue, Ikeja, Lagos on Friday June 19, 2020 at 10am in order to transact the following businesses:

### ORDINARY BUSINESS

- To lay before the members the Audited Financial Statements for the year ended December 31, 2019 and the Report of the Directors, Auditors and Audit Committee thereon;
- To approve the appointments of the following directors:
  - Mrs. Awuneba Ajumogobia
  - Mr. David Wright
  - Mrs. Udo Okonjo
- To re-elect the following Directors retiring by rotation:
  - Mrs. Bolarin Okunowo
  - Mrs. Muhibat Abbas
- To authorize the Directors to fix the remuneration of the Auditors;
- To elect members of the Statutory Audit Committee.

Dated this 18th day of May, 2020

**BY ORDER OF THE BOARD**

**AYOMIPO WEY**  
**COMPANY SECRETARY**  
**FRC/2013/NBA/00000003124**



### NOTES

#### 1. COMPLIANCE WITH COVID-19 RELATED DIRECTIVES AND GUIDELINES

The Federal Government of Nigeria, State Governments, Health Authorities, and Regulatory Agencies have each issued a number of directives and guidelines aimed at curbing the spread of Covid-19 in Nigeria. Particularly, the Lagos State Government prohibited the gathering of more than 20 People whilst the Corporate Affairs Commission issued Guidelines on holding of Annual General Meetings by proxy. The convening and conduct of this Annual General Meeting shall be done in compliance with these directives and Guidelines.

#### 2. PROXY

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A proxy form must be completed and deposited at the office of the Company's Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos or sent via email at [cxc@afriacapprudential.com](mailto:cxc@afriacapprudential.com) not later than 48 hours before the time fixed for the meeting.

#### 3. ATTENDANCE BY PROXY

In line with the CAC Guidelines, attendance at the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

- (i) Mrs. Awuneba Ajumogobia
- (ii) Mr. David Wright
- (iii) Ms. Ayomipo Wey

#### 4. STAMPING OF PROXY

The Company has made arrangement at its cost for the stamping of duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated timeline.

#### 5. LIVE STREAMING OF THE AGM

The AGM will be streamed live. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM live stream would be made available at the Company's website at [www.capplc.com](http://www.capplc.com)

#### 6. CLOSURE OF REGISTER

The Register of Members and Transfer Books will be closed from June 4, 2020 to June 10, 2020 both days inclusive for the purpose of updating the Register of Members.

#### 7. NOMINATION TO THE STATUTORY AUDIT COMMITTEE

Pursuant to Section 359(5) of the Companies & Allied Matters Act, Cap C20 Laws of the Federation of Nigeria, 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination. Such notice shall reach the Company Secretary at least 21 days before the Annual General Meeting. The Securities & Exchange Commission's Code of Corporate Governance for Public Companies has indicated that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

#### 8. RIGHT OF SECURITIES' HOLDERS TO ASK QUESTIONS

Shareholders and other holders of the Company's securities have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before June 16, 2020.

### 9. UNCLAIMED DIVIDENDS

Shareholders who are yet to claim their outstanding dividends are hereby advised to complete the e-dividend registration form by downloading the Registrar's E-Dividend Mandate Activation Form, which is available at [http://sec.gov.ng/wp-content/uploads/2016/04/Afric-Prudential-EDMMS-Form\\_2018.pdf](http://sec.gov.ng/wp-content/uploads/2016/04/Afric-Prudential-EDMMS-Form_2018.pdf), and submit to the Registrars at Africa Prudential Plc, 220b Ikorodu road, Palmgrove Lagos or their respective Banks for the purpose of claiming their outstanding dividends.

### 10. BIOGRAPHICAL DETAILS OF DIRECTORS FOR RE-ELECTION/APPROVAL

The biographical details of the directors submitted for re-election/approval are contained in the Annual Report and on the Company's website at [www.capplc.com](http://www.capplc.com).

### 11. E- ANNUAL REPORT

In order to improve delivery of our Annual Report, we have inserted a detachable Form to the Annual Report and hereby request Shareholders who wish to receive the Annual Report of Chemical and Allied Products Plc in an electronic format to complete and return the Form to the Registrars for further processing. In addition, Annual Reports are available online for viewing and download from our website at [www.capplc.com](http://www.capplc.com)

Chemical and Allied Products Plc (CAP Plc), a subsidiary of UAC of Nigeria Plc, is a technological licensee of AkzoNobel Coatings International B.V. ("AkzoNobel"). CAP Plc evolved from the world-renowned British multinational Imperial Chemical Industries Plc (ICI), which formalized its Nigerian operations in 1957 under ICI Exports Limited. In 1965, ICI Exports Limited changed its name to ICI Nigeria Limited and in 1968 it was subsumed by ICI Paints Limited. ICI was acquired in 2008 by AkzoNobel. ICI changed its name to Chemical and Allied Products Limited (CAPL) in the spirit of indigenization and in 1991, CAP Plc became a Public company. In 1992, ICI Nigeria Limited disposed-off its 40% shareholding in CAP PLC when it sold 35.7% of its equity to UAC of Nigeria PLC and the rest to the Nigerian public. Currently, UAC of Nigeria Plc holds 51.49% of the Company's shares. CAP Plc plays within the premium and standard segments of the Paints and Coatings market with Dulux and Caplux respectively. The Company has the ISO 9001:2015 Quality Management System certification and the ISO 14001:2015 Environmental Management system certification.

CAP Plc is a signatory to the UN Global Compact Initiative, raising the bar in human rights, labour standards, environment and anti-corruption.

## DULUX COLOUR CENTRES

S/N	STATE	ADDRESS
1	LAGOS	17A, Ajao Road, Off Adeniyi Jones Avenue, Ikeja, Lagos
2		9A Osolo Way, Aswani Market Roundabout Off Int'l Airport Road, Ajao Estate, Isolo, Lagos
3		28, Rabi Babatunde Tinubu Road, by Apple Junction, Amuwo Odofin, Lagos
4		22A Lanre Awolokun, Gbagada Phase II, Charly Boy Bus Stop, Gbagada, Lagos
5		133, Ogunlana Drive, Opposite UBA Bank, Beside Access Bank, Surulere, Lagos State
6		17A, Bishop Aboyade Cole Street, Victoria Island, Lagos State.
7		KM 18/19 Lekki Epe Expressway, Igbo-Efon Bus Stop by Chevron Roundabout, Lagos
8		Suite 1-4 Bluecrest Mall, By Fara Park Estate, Majek Bus-Stop, Abijo, Ajah, Lagos State.
9		12B, Admiralty Way, Opposite Ascon Filling Station, Lekki Phase 1, Lagos
10		Akord Shopping Mall, Bogije, Ibeju-Lekki, Lagos
11		8A Alfred Rewane/Kingsway Road, Ikoyi, Lagos
12	ABUJA	1259 Aminu Kano Crescent, By Etisalat, Wuse 2, Abuja.
13		72, Yakubu Gowon Crescent, Asokoro Abuja
14		Plot 171, Gouba Plaza, AE Ekukinam Street, Utako District, Abuja
15		Plot 104, 3rd Avenue, (Pa Michael Imodu) Gwarinpa II, Estate, Abuja
16		7, Dunukofia Street, By FCDA, Area 11, Garki, Abuja
17		AJB, Plot 1123, Oladipo Diya (Opposite Zenith Bank), Gudu, Apo District, Abuja
18	DELTA	40, Effurun-Warri Road, Opposite Union Bank, Warri, Delta State
19		417B, Idolor House, Nnebisi Road, Beside Uzoigwe Primary School, Asaba, Delta State
20	RIVERS	36, Trans Amadi Road, Rumubiakani, Port Harcourt, Rivers State
21		190/172, Aba Road, Opposite Waterlines Bus-Stop, Port-Harcourt
22		LA Trinity Mall, Along G.U. Ake Road, Beside Salvation Ministry, Eliozi Flyover Bridge, Eliozi, port-Harcourt
23	ENUGU	19, Ogui Road, Canute House, Enugu
24	KANO	9b Niger Street, Opposite Royal Tropicana Hotel, Kano
25	GOMBE	Alhajiyyel Plaza, Opposite Nipost Office, Bauchi Road, Gombe, Gombe State
26	EDO	71, Akpakpava Road, James Watt, Benin City, Edo State
27	IBADAN	2A, Aare Avenue, Off Awolowo Road, New Bodija, Ibadan

## DULUX PAINTS

**Dulux Trade:** Considered as the best paint by professional decorators due to its performance. It saves time and money with better opacity, better durability, higher spreading rates and pack sizes that are more convenient and economical to use. It is available as millbases which can be tinted with the aid of in-store machines to achieve desired colours. Dulux Trade offers a wide variety of finishes including: Vinyl Silk, Vinyl Matt, Vinyl Soft Sheen and Weathershield Masonry.

**Dulux Trade Specialty Products:** These include pre-decorative products such as Supergrip (multi surface primer), Rainshield (water proofing paint), Bonding Liquid (sealer with optimal penetration) and Dampshield (for interior and exterior damp cement plaster and concrete wall surfaces).

**Dulux Emulsion:** This is an interior and exterior finish formulated on high quality emulsion binder; gives an even matt coating.

**Dulux Silk Emulsion:** An acrylic base emulsion paint with mid sheen finish which is suitable for all interior and exterior surfaces.

**Dulux Weathershield:** The ultimate exterior paint range for long lasting durability and protection in various textured finishes including - Dulux Weathershield Textured, Dulux Weathershield Smooth, Dulux Weathershield Tex Matt and Dulux Weathershield Ultra.

**Dulux Gloss:** This is a quality quick drying and hardwearing oil modified alkyd paint.

**Dulux Primer:** This is a first coat of paint which can be used to cover a surface in order to get it ready for use or coating. The primers include: Dulux Alkali Resisting Primer and Dulux Undercoat.



## Product Range Cont'd



**Hammerite Metal Paint:** This paint requires minimal surface preparation before application and offers long lasting protection, plus a great looking finish for both interior and exterior metal finishes. Unlike other conventional metal paints, Hammerite Metal paint can be applied directly onto metals without the use of a primer and undercoat.

### CAPLUX PAINTS

Caplux paint is a good quality product offered at an affordable price. It is available in emulsion, gloss and textured finishes. It is formulated to give lasting brilliance on application. Caplux paint is a complimentary paint to the Dulux range.

**Caplux Emulsion:** This is a water-based, acrylic emulsion paint suitable for interior/exterior use. It gives a durable matt finish with good opacity and spreading rate.

**Caplux Gloss:** This is a lkyd paint suitable for interior/exterior use. It gives surfaces a durable gloss finish with good flow, opacity and spreading rate.

**Caplux Textured:** This is a water-based textured paint suitable for interior/exterior use. It bridges hairline cracks in plaster and gives a durable granular finish

**CAP Acrylic Satin:** This is an emulsion paint suitable for interior/exterior concrete, plaster and cement rendered wall/ceiling surfaces. It gives a durable midsheen finish with good opacity and spreading rate.

## Chairperson's Statement



I welcome you to the Annual General Meeting of your company, Chemical and Allied Products Plc holding today, 19th June 2020, at your Company's premises, 2 Adeniyi Jones Avenue, Ikeja, Lagos. At this meeting, I will present to you the Company's Audited Annual Report for the year ended December 31, 2019, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

### Operating environment

The Nigerian economy continued to grow at a modest rate in 2019 as initial uncertainties associated with the general election, post-elections policy uncertainty, gradual improvement in business activities and slow pace of foreign direct investment (FDIs) kept GDP growth at 2.3% for the year. Additionally, developments in the global environment were broadly volatile as global growth reverted to a synchronized slowdown in 2019. This was worsened by trade tension between the US and China, which increased fear of global economic recession and pressured oil prices.



Accordingly, economic indicators showed a mixed signal for the year. For context, the headline inflation rate which had moderated significantly in the earlier part of the year witnessed fresh pressure following the closure of the border in the fourth quarter of 2019. Additionally, investment flows remained broadly in favour of Foreign Portfolio Investments (FPIs) with a heavy concentration in the CBN's short term bills (OMO), while Foreign Direct Investors (FDIs) remained on the sidelines. However, the local currency was relatively stable, supported by the apex bank's consistent intervention. As such, Nigeria's dollar reserves suffered a \$6.5bn diminution in H2-2019, settling at \$38.5bn in December 2019. Meanwhile, oil prices averaged \$66.2/b, broadly supported by the extension of OPEC+ output cuts in January, 2019.

Trade relations with bordering economies became tense in August, 2019, as the Nigerian authorities ordered the closure of all land borders to check smuggling, boost revenue from trade and protect local production. Notably, actual government revenue continued to underperform budget estimates (at N2.0tn vs N2.9tn), thus constraining spending. Monetary policy stance was largely unconventional as the CBN opted to focus on domestic liquidity management via increased OMO sales and exclusion of non-banking institutions to force down rates while compelling Deposit Money Banks (DMBs) to lend to the real sector.

In the financial market, the decision of the CBN to exclude non-banking institutions from the OMO market at the tail end of the year resulted in a sharp reduction in rate on T-bills. Accordingly, the average yield on T-Bills dropped from 15.4% apiece in December 2018 to 4.9% in 2019, as similarly, average bond yields fell from 15.5% at the beginning of the year to 10.8% at end of the year. Overall investors' sentiment was however reflected in the equity market which tumbled 14.5% as the Nigerian Bourse underperformed its peers globally.

In the social-political climate, the war on insurgency continued as Boko Haram's attacks on soft targets in the North East, and incidences of killings credited to cattle Herdsmen continued.



## Chairperson's Statement cont'd

### Review of Operations

Amidst the tough business terrain, your Company was able to achieve 13.2% growth in volume across all its paint brands. The percentage volume growth of the brands were as follows: Dulux decorative- 11.5%; Dulux trade- 9.5%; Caplux- 19.9% and Industrial paint- 29.1%. Also your Company for the first time achieved N1billion naira in net sales in the month of December, 2019.

CAP Plc further expanded its distribution footprint by opening four (4) new Dulux Colour Centres in Lagos and Abuja and upgraded Nine (9) Colour Centres across the Country. Your Company also increased its marketing activities to enhance value to both existing and new customers across the country. We will work closely with our trade partners and customers to drive our volume and channel growth ambitions in 2020.

The Company successfully transited to ISO 9001:2015 and ISO 14001:2004 certifications on Quality and Environmental Management Systems, respectively. We will continue to offer high-quality products and services to customers while complying with regulatory requirements in a healthy and safe environment.

### Financial Results

Despite the challenging operating environment in 2019, your Company ended the year with a good financial performance. Highlights of the performance is as follows:

- Gross earnings for the Company increased by 10% to N8.4 billion (2018: N7.6 billion);
- Operating income for the Company decreased by 7% to N2.1 billion (2018: N2.2 billion);
- Profit Before Tax for the Company decreased marginally by 2% to N2.54 billion (2018: N2.59 billion);
- Profit for the year is N1.74 billion as against N2.02 Billion achieved in 2018
- The Company's total assets grew to N6.76 billion from N6.31 billion in 2018.

### Outlook

In 2020, the initial projection was that the economy was expected to sustain uptrend on the back of improved household consumption and public spending. However, on 30 January 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of coronavirus (Covid-19). The outbreak of Covid-19 threatens global stability and has amplified the fear of a recession. Notably, the shutdown of production activities in China, the epicenter of the outbreak, has resulted in lower demand for oil, hence resulting in a sharp drop in oil prices below Nigeria's budget benchmark. Accordingly, the IMF estimates Nigeria's GDP growth at 2.0% in 2020.

Since 11 March 2020, the WHO has characterized the spread of the coronavirus as a pandemic. The continuing spread of the coronavirus will most likely impact the global economy and the Company's financial position and results. More specifically, the impact is expected on instruments measured at fair value and on the expected credit losses. The Company is closely monitoring any financial impact attributable to Covid-19 outbreak on its business operations.

## Chairperson's Statement cont'd

Given the uncertainties and ongoing business developments, the Company cannot accurately and reliably estimate the quantitative impact of the outbreak on the business. It is against this background that regrettably, the Board will not be recommending the payment of dividends to Shareholders. This is to enable our Company undertake key strategic projects that would make it poised to deliver maximum returns to the Shareholders in the short to medium term. The intention is to build a strong business for the future, defend our market leadership, expand our market share, dominate the market and be better prepared for a potential expansion in the sub-Saharan Africa paint products market.

Therefore, I expect that the economic environment in 2020 will continue to be fluid and uncertain, but businesses must again remain proactive and be dynamic by making clear-cut choices to compete in the market place. Businesses also need to make a clear definition of strategy, business model and core operations in order to increase revenue and profitability.

Your Company is closely following developments at all levels and is prepared to key into opportunities that will be created. We are equally poised to take advantage of other structural reforms of the Federal Government, which might impact the housing and real estate sector.

The business will respond appropriately to the emerging paint market trends and different economic scenarios. To this end, with the help of our new and re-energized leadership, we have crafted a new Vision and Mission statement to move into the broader African market with distributorship rights from Akzo Nobel to some African Countries. We have identified our 5 Must-Win Battles for the coming years to include the following:

- (i) Grow Volumes
- (ii) Grow Channels
- (iii) Grow Portfolio
- (iv) Invest in People
- (v) Improve Processes

Therefore, we are on an aggressive growth drive. We recognize that we need to embark on significant investments in the business to achieve the above 5-must win battles and ultimately achieve growth and longevity of the business which in turn will deliver high returns to our Shareholders into the future. Consequently, we are investing in People and new technology to improve our processes for maximum efficiency. We are opening new channels, we plan to aggressively grow volumes and also deepen our product portfolio. We have a deeper relationship with our technical partners, AkzoNobel and we believe this will enhance the transfer of new technology in our products suite. We are also on a repositioning drive for our Caplux Brand in order to scale the brand to greater heights.

### Board changes

I wish to update you on the changes on the Board since the last Annual General Meeting.

- (a) Mrs. Oluwakemi Ogunnubi who served your Company as the Managing Director resigned her position in February 2019.
- (b) Also, following the appointment of a substantive Managing Director for your Company in August 2019, Mrs. Omolara Elemide stepped down from her role as the

## Chairperson's Statement cont'd



acting Managing Director and thereafter resigned from the Board with effect from July 31, 2019.

- (c) Mr. Opeyemi Olukayode Agbaje retired from the Board on June 20, 2019 and did not offer himself for re-election.
- (d) Similarly, Mr. Solomon Aigbavboa resigned from the Board in July 2019 as a non-executive Director following his voluntary retirement from the services of UAC of Nigeria Plc.

I am pleased to update you that since the last Annual General Meeting, the following new directors have been appointed:

- (i) Mr. David Wright (as Managing Director/CEO)
- (ii) (ii) Mrs. Udo Okonjo (Independent Non-Executive Director) and
- (iii) Myself, as an Independent Non-Executive Director and Chairperson of the Board of your Company.

I will like to use this opportunity to thank Mrs. Omolara Elemide for laying a strong foundation of good governance and achieving significant financial returns for the Company. I am confident that Mr. David Wright will accelerate growth in all spheres of our business.

### Appreciation

As you can see from the performances being reported in this Annual Report, your Company's Board and Management are committedly working hard to ensure that we consolidate on the significant achievements recorded to date. As we face the challenges of the times ahead, I am convinced that our shared values will provide the surest route to achieving our 2020 aspirations.

We are firmly on track towards executing our strategy, achieving our vision and fulfilling our purpose. Given the outlook of improving macroeconomic conditions, your Company remains resolute in taking advantage of these opportunities to growing earnings, improving profitability and delivering returns to our esteemed shareholders.

On behalf of the Board, I thank our valued customers for their loyalty. We pledge to continue to deliver superior products and services to your delight. To our suppliers, trade partners and technical partners, AkzoNobel, we appreciate your support at all times.

I cannot but commend the Management and staff for their diligence in achieving a great performance in a turbulent year.

I wish to thank my colleagues on the Board, for their support in ensuring that the Company maintains its leadership position amidst all the challenges.

## Chairperson's Statement cont'd



In conclusion, I wish to thank our distinguished shareholders, on behalf of the Board of Directors, for your invaluable support to the Board and Management of your Company over time. We look to the future with renewed confidence knowing that we have your cooperation at all times.

Thank you for your attention.

**Awuneba Ajumogobia**  
Chairperson  
FRC/2020/003/00000020801

## Board of Directors, Officers & Professional Advisers

### Board of Directors

Name	Designation	Date
Mrs. Awuneba Ajumogobia	Chairperson (Independent Non-Executive Director)	Appointed with effect from August 1, 2019
Mr. David Wright	Managing Director	Appointed with effect from August 1, 2019
Mrs. Udo Okonjo	Independent Non-Executive Director	Appointed with effect from August 1, 2019
Mrs. Muhibat Abbas	Non-Executive Director	Appointed with effect from May 31, 2019
Mrs. Bolarin Okunowo	Non-Executive Director	Appointed with effect from May 31, 2019
Amb. Kayode Garrick	Independent Non-Executive Director	Appointed with effect from March 21, 2013
Mrs. Omolara Iswat Elemide	Ag. Managing Director	Resigned with effect from July 31, 2019
Mr. Solomon Ohiolei Aigbavboa	Non - Executive Director	Resigned with effect from July 31, 2019
Mr. Opeyemi Olukayode Agbaje	Non- Executive Director	Retired with effect from June 20, 2019
Mrs. Oluwakemi Ogunnubi	Managing Director	Resigned with effect from February 18, 2019

FRC Number: FRC/2012/0000000000296

RC Number: 4551

**Company Secretary**  
Ms. Ayomipo Wey

**Registered /HeadOffice**  
2, Adeniyi Jones Avenue  
P.M.B. 21072, Ikeja – Lagos.  
Tel: 08159493070  
E-mail: careline@capplc.com

**Registrar**  
Africa Prudential Plc  
220b, Ikorodu road Palmgrove, 1  
Lagos  
Tel: 070023747783

**Auditors**  
Messrs Ernst & Young  
10th Floor, UBA House,  
57 Marina, Lagos  
Tel:01-6314500



## Board of Directors



**MRS. UDO OKONJO**  
Independent Non-Executive Director

**MRS. MUHIBAT ABBAS**  
Non-Executive Director

**MR. DAVID WRIGHT**  
Managing Director

**MRS. AWUNEBA AJUMOGOBIA**  
Chairperson (Independent Non-Executive Director)

**MRS. BOLARIN OKUNOWO**  
Non-Executive Director

**AMB. KAYODE GARRICK**  
Independent Non-Executive Director

## Board of Directors' Profile



### MRS. AWUNEBA AJUMOGOBIA

Mrs. Awuneba Ajumogobia was appointed to the Board as the Chairperson and an Independent Non-Executive Director with effect from August 1, 2019. She graduated from the prestigious University of Ibadan with a BSc. (Hons) degree in Economics and is a Fellow of the Institute of Chartered Accountants of Nigeria. She has more than thirty years of broad professional experience spanning several disciplines including finance, accounting, external audit, taxation, marketing, and business performance optimization. Over the course of her

career, she worked at Deloitte and Accenture. Until her appointment to the Board of CAP Plc, she served as an Independent Non-Executive Director on the Board of UAC of Nigeria Plc. Mrs. Ajumogobia also serves as an Independent Non-Executive Director on the Board of Airtel Africa Plc, is the Chairperson of the Governing Council of Grange School, Lagos, a member of the Board of the University of Ibadan Research Foundation, serves on the Finance Committee of Musical Society of Nigeria (MUSON) and is a member of the Executive Council of WIMBIZ (Women in Management, Business and Public Service). Mrs. Ajumogobia remains committed to personal and professional development and is a regular participant at leading local and international institutions in her areas

of interests. She is the Chairperson of the Board and an independent Non-Executive Director.



### MR. DAVID WRIGHT

Mr. Wright earned a degree in Colour Chemistry and Paint Technology from the University of West Yorkshire, United Kingdom and has worked in the Paint industry for close to 35 years. He has undertaken significant professional and vocational education programs in Business, Finance, Quality, Health, Safety and Environmental Management, and is highly proficient in the application of LEAN management methods. Mr. Wright has extensive business and manufacturing experience with leading international paint companies, initially developing new technologies in the UK and Europe, followed by stints in Saudi Arabia and India, establishing new strategic businesses in the Marine, Protective Coil and Powder Coatings markets for International Paint and Akzo Nobel. He moved back to the United Kingdom as

Chief Operating Officer for Blackfriar-Glixtone decorative paints and Oxonica Nanotechnology, before returning to Saudi Arabia to join Jotun Marine Coatings initially as Head of Operations and subsequently as Managing Director for their Decorative, Marine, Protective and Powder Coatings business. David joined Hempel as Regional Director for the Middle East in 2015 and immediately prior to joining CAP Plc, was Managing Director and Country Head for Kansai Paint UAE. He brings on board a diverse, innovative perspective and leadership capabilities that further strengthen the paint industry in Africa.

Mr. David Wright was appointed to the Board of Chemical and Allied Products Plc on August 1, 2019.



## Board of Directors' Profile



### MRS. UDO OKONJO

Mrs. Udo Okonjo is currently the Chief Executive Officer/Vice Chairman of Fine and Country West Africa. She is a seasoned legal practitioner who was admitted to the Nigerian Bar Association and New York Bar in 1991 and 1994 respectively and pursued a successful legal career for more than two decades, in addition to having acted as Senior Special Adviser on Legal and Constitutional Matters to the Senate President of the Federal Republic of Nigeria and being a Partner at a leading local law firm, Templars Barristers & Solicitors.

Having emerged best graduating female student at the Nigerian Law School, in 1991, she was awarded the prestigious British Chevening Scholarship to study at the University of London, Kings College School of Law, where she graduated with a Master's degree in Law (LLM) specializing in Corporate and Commercial Law. She earned a certificate in Effective Real Estate

Marketing from the National University of Singapore in conjunction with the Dubai Real Estate Institute amongst several real estate and executive courses at the Said Business School, Oxford University, Judge Business School, Cambridge University, and Lagos Business School, Pan Atlantic University. She is very passionate about real estate and entrepreneurship as a means of wealth creation and nation building and is convener of the annual Refined Investor Series to provide an accurate roadmap and insight on the Nigerian real estate market.



Mrs. Udo Okonjo was appointed to the Board of Chemical and Allied Products Plc on August 1, 2019. She is an independent Non-Executive Director.

### MRS. MUHIBAT ABBAS

Mrs. Muhibat Abbas graduated from the University of Lagos with B.Sc. (Hons) degree in Business Administration. She is a Fellow of the Institute of Chartered Accountants of Nigeria, with over thirty years' experience in Internal Audit, Financial Accounting, Management

Accounting, Treasury Management and Pension Fund Administration. She worked variously as Group Treasurer of UAC Nigeria Plc, Finance Director/Company Secretary of CAP Plc, Divisional Commercial Director Bordpak Premier Packaging and Managing Director of UNICO CPFA Ltd. She was the Acting Chief Financial Officer of UAC Nigeria Plc and was a Non-Executive Director of FSDH Merchant Bank Limited from inception till July 2019. She is currently the Chairperson of UAC Restaurants Limited.



Mrs. Muhibat Abbas was appointed to the Board of Chemical and Allied Products Plc on May 31, 2019.



## Board of Directors' Profile

### MRS. BOLARIN OKUNOWO

Mrs. Bolarin Okunowo is a seasoned finance and investment specialist with over 15 years' experience in a range of finance roles including debt advisory, debt finance, corporate finance, principal investments and financial management. She joined the UAC Group in October 2018 and serves as UAC's Investment Executive responsible for managing the company's investments in its Industrial businesses (paints, logistics and real estate). Prior to joining the UAC, Bolarin was the Head, Energy & Infrastructure Finance at Stanbic IBTC Capital ("Stanbic") with responsibility for the oil and gas, power and infrastructure debt finance portfolio. Bolarin

led the execution of debt advisory and debt arranging mandates for large scale energy and infrastructure projects in Nigeria. She has extensive experience in debt restructuring and recovery for complex transactions having closed over \$16 Billion worth of debt financing deals for energy and infrastructure transactions in Nigeria. While at Stanbic, she was seconded to the oil and gas debt finance team in Standard Bank London and gained quality experience in international debt finance best practice. Prior to Stanbic, she worked with ARM Investments Managers and PricewaterhouseCoopers.

Mrs. Okunowo is a qualified Chartered Accountant. She holds a Bachelor's degree in Commerce from the University of Birmingham UK and a Master's degree in Information Systems from the prestigious London School of Economics. She currently

serves on the board of Chemical and Allied Products PLC and Portland Paints and Products Nigeria PLC.

Mrs. Okunowo was appointed to the Board of Chemical and Allied Products Plc on May 31, 2019.

### AMB. KAYODE GARRICK

Ambassador Kayode Garrick holds a Bachelor of Arts (Language) degree from the University of Ife (now Obafemi Awolowo University), Ile Ife. He is the founder and Director of South Strategy Consulting. He has 34 years diplomatic experience and is fluent in English, French, German and Portuguese. Apart from several other diplomatic, consular and public service appointments, he was Nigeria's Ambassador Extraordinary and Plenipotentiary to Brazil, Paraguay and Bolivia.

He was awarded the Grand Cross of the Order of Rio Branco by the President of Brazil. He joined the Board of Chemical and Allied Products Plc on March 21, 2013. He is an independent Non-Executive Director.



## SPECIALITY PRODUCTS

# Get Lasting Protection



#### Rainshield

- Water proofing paint
- Flexible and crack resistant.
- For walls, Parapets, Roofs, Ceiling Boards, PVC

#### Dampshield

- Stops rising and penetrating damp
- For interior and exterior damp on concrete surfaces
- Water based

#### Supergrip

- Multi surface Primer
- Provide extreme adhesion for all surfaces- Walls, Tiles, PVC pipes, Metal, Cladding etc
- Water based and quick drying
- High opacity

## Report of the Directors



The Directors are pleased to present to Members their report on the affairs of Chemical and Allied Products Plc, together with the Audited Financial Statements and independent Auditor's Report for the year ended December 31, 2019.

### 1. LEGAL FORM AND PRINCIPAL ACTIVITIES

Chemical and Allied Products Plc (CAP Plc), a subsidiary of UAC of Nigeria Plc, is a technological licensee of Akzo Nobel Coatings International B.V. ("Akzo Nobel"). CAP Plc evolved from the world-renowned British multinational Imperial Chemical Industries Plc (ICI), which formalized its Nigerian operations in 1957 under ICI Exports Limited. In 1965, ICI Exports Limited changed its name to ICI Nigeria Limited and in 1968 it was subsumed by ICI Paints Limited. ICI was acquired in 2008 by Akzo Nobel.

ICI changed its name to Chemical and Allied Products Limited (CAPL) in the spirit of indigenization and in 1991, CAP Plc became a public company. In 1992, ICI Nigeria Limited disposed-off its 40% shareholding in CAP PLC when it sold 35.7% of its equity to UAC of Nigeria PLC and the rest to the Nigerian public. Currently, UAC of Nigeria Plc holds 51.49% of the Company's shares.

CAP Plc plays within the premium and standard segments of the Paints and Coatings market with Dulux and Caplux respectively. The Company has the ISO 9001:2015 Quality Management System certification and the ISO 14001:2015 Environmental Management System certification.

### OPERATING RESULTS

The following is the summary of the performance of the Company during the year under review as compared with the previous year:

## Report of the Directors cont'd



	31 December 2019 N'000	31 December 2018 N'000
Turnover	8,410,650	7,670,315
Operating Expenses	(5,864,916)	(5,072,483)
Profit Before Taxation	2,545,735	2,597,832 )
Taxation	(803,647)	(568,489)
Profit After Taxation	1,742,088	2,029,343
Retained Earnings	2,152,430	2,439,685

### 2. DIVIDEND

In light of economic uncertainties related to the corona virus pandemic, the Directors do not recommend the payment of dividend for the financial year ended December 31, 2019 (2018: 290k per share).

### 3. RECORD OF DIRECTORS' ATTENDANCE AT MEETINGS

Pursuant to Section 258(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the records of Director's attendance at Board meetings during the year under review will be available for inspection at the Annual General Meeting.

### 4. BOARD CHANGES

#### • RESIGNATIONS

The following resignations from the Board occurred during the course of the year:

- Mrs. Oluwakemi Ogunnubi resigned her position as the Managing Director of CAP Plc effective February 18, 2019;
- Mr. Opeyemi Olukayode Agbaje retired from the Board on June 20, 2019 and did not offer himself for re-election.
- Mrs. Elemide was appointed as the acting Managing Director on March 1, 2019 and then resigned effective July 31, 2019 following the appointment of a substantive Managing Director for CAP Plc.
- Mr. Solomon Aigbavboa also resigned from the Board of CAP Plc in July 2019 as a Non-Executive Director following his voluntary retirement from the services of UAC of Nigeria Plc.

## Report of the Directort cont'd



The Board was deeply appreciative of Mrs. Oluwakemi Ogunnubi, Mr. Opeyemi Olukayode Agbaje, Mrs. Omolara Elemide and Mr. Solomon Aigbavboa for their hard work and contributions to the growth of the Company while wishing them all success in their future endeavors. The Nigerian Stock Exchange and the Corporate Affairs were duly notified of their resignations.

### • APPOINTMENTS

#### (a) Mr. David Wright

Mr. David Wright was appointed to the Board as Managing Director effective August 1, 2019. The appointment of Mr. Wright will be presented at this Meeting for the approval of the Shareholders. The Nigerian Stock Exchange and the Corporate Affairs were notified of his appointment.

#### Profile of Mr. David Wright

Mr. Wright earned a degree in Colour Chemistry and Paint Technology from the University of West Yorkshire, United Kingdom and has worked in the Paint industry for close to 35 years. He has undertaken significant professional and vocational education programs in Business, Finance, Quality, Health, Safety and Environmental Management, and is highly proficient in the application of LEAN management methods. Mr. Wright has extensive business and manufacturing experience with leading international paint companies, initially developing new technologies in the UK and Europe, followed by stints in Saudi Arabia and India, establishing new strategic businesses in the Marine, Protective Coil and Powder Coatings markets for International Paint and Akzo Nobel. He moved back to the United Kingdom as Chief Operating Officer for Blackfriar-Glixtone decorative paints and Oxonica Nanotechnology, before returning to Saudi Arabia to join Jotun Marine Coatings initially as Head of Operations and subsequently as Managing Director for their Decorative, Marine, Protective and Powder Coatings business. David joined Hempel as Regional Director for the Middle East in 2015 and immediately prior to joining CAP Plc, was Managing Director and Country Head for Kansai Paint UAE. He brings on board a diverse, innovative perspective and leadership capabilities that further strengthens CAP Plc's position as a leader in the paint industry in Africa.

## Report of the Directors cont'd



- (b) **Mrs. Awuneba Ajumogobia** – Mrs. Ajumogobia was appointed as the chairperson and Independent Non-Executive Director with effect from August 1, 2019.
- (c) **Mrs. Udo Okonjo** – Mrs. Okonjo was appointed as an Independent Non-Executive Director with effect from August 1, 2019. Their appointments will also be presented at this Meeting for the approval of the Shareholders. The Nigerian Stock Exchange and the Corporate Affairs Commission were notified of their appointments.

#### Profile of Mrs. Awuneba Ajumogobia

Mrs. Awuneba Ajumogobia was appointed to the Board as the Chairperson and an Independent Non-Executive Director with effect from August 1, 2019. She graduated from the prestigious University of Ibadan with a BSc. (Hons) degree in Economics and is a Fellow of the Institute of Chartered Accountants of Nigeria. She has more than thirty years of broad professional experience spanning several disciplines including finance, accounting, external audit, taxation, marketing, and business performance optimization.

Over the course of her career, she worked at Deloitte and Accenture. Until her appointment to the Board of CAP Plc, she served as an Independent Non Executive Director on the Board of UAC of Nigeria Plc. Mrs. Ajumogobia also serves as an Independent Non-Executive Director on the Board of Airtel Africa Plc, is the Chairperson of the Governing Council of Grange School, Lagos, a member of the Board of the University of Ibadan Research Foundation, serves on the Finance Committee of Musical Society of Nigeria (MUSON) and is a member of the Executive Council of WIMBIZ (Women in Management, Business and Public Service). Mrs. Ajumogobia remains committed to personal and professional development and is a regular participant at leading local and international institutions in her areas of interests.

## Profile of Mrs. Udo Okonjo

Mrs. Udo Okonjo is currently the Chief Executive Officer/Vice Chairman of Fine and Country West Africa. She is a seasoned legal practitioner who was admitted to the Nigerian Bar Association and New York Bar in 1991 and 1994 respectively and pursued a successful legal career for more than two decades, in addition to having acted as Senior Special Adviser on Legal and Constitutional Matters to the Senate President of the Federal Republic of Nigeria and being a Partner at a leading local law firm, Templars Barristers & Solicitors.

Having emerged best graduating female student at the Nigerian Law School, in 1991, she was awarded the prestigious British Chevening Scholarship to study at the University of London, Kings College School of Law, where she graduated with a Master's degree in Law (LLM) specializing in Corporate and Commercial Law. She earned a certificate in Effective Real Estate Marketing from the National University of Singapore in conjunction with the Dubai Real Estate Institute amongst several real estate and executive courses at the Said Business School, Oxford University, Judge Business School, Cambridge University, and Lagos Business School, Pan Atlantic University. She is very passionate about real estate and entrepreneurship as a means of wealth creation and nation building and is convener of the annual Refined Investor Series to provide an accurate roadmap and insight on the Nigerian real estate market.

Mrs. Udo Okonjo was appointed to the Board of Chemical and Allied Products Plc on August 1, 2019. She is an independent Non-Executive Director.

## 5. DIRECTORS RETIRING BY ROTATION

In accordance with the Articles of Association of the Company and Section 259 of CAMA, Mrs. Bolarin Okunowo and Mrs. Muhibat Abbas are the directors retiring by rotation and being eligible offer themselves for re-election.

The biographical information of the directors for re-election are on pages 20 to 21 of this Annual Report.

## 6. DIRECTORS' INDUCTION AND TRAINING

The newly appointed Directors all received letters of appointment detailing the terms of reference and composition of the board and board committees, schedule of board meetings, their entitlements and demand on their time as a result of their appointments. The letters of appointment was accompanied with the Memorandum and Articles of Association of the Company, the previous year's Annual Report, the Code of Corporate Governance for Public Companies in Nigeria, UACN Code of Business Conduct, and other documents, policies, processes and procedures of CAP Plc that help the directors gain understanding of the business operations of the Company, its history, culture, values, business principles, people, projects, processes and plan. The new Directors undertook a two-day extensive and comprehensive induction program in order to get acquainted with the business operations, issues and brands of CAP Plc. As part of the induction process, they were introduced to the Board, members of the Leadership Team and the Company's operations.

## 7. DIRECTORS INTERESTS IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act of any declarable interest in Contracts in which CAP Plc is involved.

## 8. DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

Directors' interests in the issued share capital of the Company as recorded in the Register of Members and/or as notified by the Directors in compliance with Sections 275 and 276 of the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Listing Requirements of the Nigerian Stock Exchange were as follows:

		31-Dec-19	31-Dec-19	31-Dec-18	31-Dec-18
S/N	NAMES/POSITION OF DIRECTORS	DIRECT	INDIRECT	DIRECT	INDIRECT
1	Mrs. Awuneba Ajumogobia (Chairperson)	Nil	Nil	Nil	Nil
2	Mr. David Wright (Managing Director)	Nil	Nil	Nil	Nil
3	Mrs. Bolarin Okunowo (Non-Executive Director)	Nil	360,427,061	Nil	Nil
4	Mrs. Udo Okonjo (Independent Non-Executive Director)	Nil	Nil	Nil	Nil
5	Ambassador Kayode Garrick (Independent Non-Executive Director)	1,215	Nil	1,215	Nil
6	Mrs. Muhibat Abbas (Non-Executive Director)	Nil	Nil	Nil	Nil



## Report of the Directors cont'd



The details of indirect shareholding of Directors in the issued share capital of the Company is as below:

NAME/POSITION	INDIRECT INTEREST (UAC NIGERIA PLC)	PERCENTAGE
Mrs. Bolarin Okunowo (Non-Executive Director)	360,427,061	51.49

### 9. ALTERNATE DIRECTORSHIP

There was no alternate directorship during the year under review.

### 10. SHAREHOLDING AND SUBSTANTIAL SHAREHOLDERS

The issued and fully paid up share capital of the Company is N350,000,000 (Three Hundred and Fifty Million Naira) divided into 700,000,000 (Seven Hundred Million Shares) Ordinary shares of N0.50k each.

In terms of significant shareholding (5% and above), the Register shows that UAC of Nigeria Plc is the largest shareholder with **360,427,061** units of shares. The table below is instructive.

S/N	PARTICULARS OF SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE % OF SHAREHOLDING
1	UAC of Nigera Plc	360,427,061	51.49

### 11. RANGE ANALYSIS OF SHAREHOLDING

As at the end of 2019, CAP Plc's shares were held by 15,689 shareholders as analyzed below:

Range	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1 - 999	4,395	28.01	4,395	1,564,080	0.22	1,564,080
1,000 - 9,999	8,820	56.22	13,215	28,794,948	4.11	30,359,028
10,000 - 99,999	2,114	13.47	15,329	57,257,410	8.18	87,616,438
100,000 - 999,999	308	1.96	15,687	83,316,285	11.90	170,932,723
1,000,000 - 9,999,999	48	0.31	15,685	109,837,479	15.69	280,770,202
10,000,000 - 99,999,999	3	0.02	15,688	58,802,737	8.41	339,572,939
100,000,000 - 999,999,999	1	0.01	15,689	360,427,061	51.49	700,000,000
Grand Total	15,689	100		700,000,000	100.00	

## Report of the Directors cont'd



### 12. DIRECTORS' REMUNERATION

CAP Plc ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators. In compliance with Section 34 (5) (f) of the SEC Code of Corporate Governance for Public Companies, the Company makes disclosures of the remuneration paid to its Directors.

Package	Type	Description	Period
Basic Salary	Fixed	This is part of the gross salary package for the Managing Director only	Paid monthly during the financial year
Directors' Fees	Fixed	This is paid annually to Non-Executive Directors only	Paid in the first month of the year
Sitting Allowance	Fixed	This is paid to Non-Executive Directors only	Paid after attendance at each meeting

### 13. RESIGNATION OF COMPANY SECRETARY

Mrs. Rose Hamis resigned as Company Secretary of the Company in August 2019.

### 14. APPOINTMENT OF COMPANY SECRETARY

Following the resignation of Mrs. Rose Hamis as Company Secretary of CAP Plc and after due and careful consideration by the Board, Ms. Ayomipo Wey was appointed as Company Secretary of CAP Plc with effect from September 9, 2019.

#### • Profile of Ms. Ayomipo Wey

Ms. Ayomipo Wey holds a Bachelor of Laws degree (LLB) from the Lagos State University, was called to the Nigerian bar in 2008 and obtained a Master of Laws (LLM) (with distinction) from Queen Mary, University of London in 2011. She has extensive legal, company secretarial, compliance and corporate governance experience spanning over twelve (12) years.

Prior to joining the Company, she was the Assistant Group General Counsel of United Capital Plc from June 2015 to August 2019. She had her formative legal years in the prestigious firm of Banwo & Ighodalo where she spent over seven (7) years gathering extensive and invaluable knowledge and experience in the legal aspects of corporate finance, mergers and acquisitions, corporate restructurings, corporate governance and company secretarial practice. She has an uncommon flair for corporate governance principles and practices and constantly advises on compliance with extant laws and regulation on corporate governance. Ms. Wey is a Member of the Institute of Chartered Secretaries and Administrators (UK) and the Nigerian Bar Association.

### 15. BOARD EVALUATION

To assess the effectiveness of the Board and the individual Directors, a Board evaluation was undertaken covering the period of the financial year under review. This was driven by the Chairperson of the Board in consultation with the Company Secretary. The performance of the Board, Board Committees and individual directors were adjudged to be satisfactory and necessary feedback was communicated to individual directors arising from the exercise.

### 16. COMPLAINT MANAGEMENT FRAMEWORK

The Company has a Complaint Management Policy and Framework in place in accordance with the directive of the Securities and Exchange Commission on resolution of complaints. This policy has also been uploaded on the Company's website for public access.

### 17. INSIDER TRADING AND PRICE SENSITIVE INFORMATION

The Company has a Securities Trading Policy which prohibits the directors and employees from trading on the Company's shares during periods they are in possession of price sensitive information. The Company was in compliance with the Securities Trading Policy during the year under review.

### 18. WHISTLE BLOWING PROCEDURE.

The Company has a Whistle Blowing Procedure which ensures that reports are anonymously received, discretely investigated and a report sent to the Audit Committee.

### 19. ACQUISITION OF OWN SHARES

The Company did not purchase any of its own shares during the year.

### 20. SEC CODE OF CORPORATE GOVERNANCE FOR PUBLIC COMPANIES AND THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018

The Company has complied with the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria. The Company also continues to comply with the provisions of the Nigerian Code of Corporate Governance 2018.

### 21. HUMAN RESOURCES REPORT

CAP Plc makes it an objective to hire individuals based on standards of merit and competence. Also, the Company upholds a sound culture of providing continuous development and training for its staff to address knowledge gaps and provide new skill sets along the Company's lines of responsibilities. Annually, trainings are identified for staff and followed through in accordance with an approved training plan meant to ensure that this objective is achieved. The Company encourages easy interaction between Management and other staff of the Company so as to foster an atmosphere of warmth at work and also to kindle the necessary synergy required for the Company's success.

- **EMPLOYMENT OF DISABLED PERSONS**

The Company adhered to its age-long policy of non-discrimination against disabled persons in 2019. The Company had one disabled person on its payroll as at 31 December, 2019. All employees are treated equally and are given equal opportunities to develop their careers; Disability is not a barrier to promotion or career development in the Company.

- **HEALTH, SAFETY AND WELFARE OF EMPLOYEES**

The Company approaches Health, Safety and Welfare issues affecting staff with every sense of seriousness and therefore maintains an insurance health care scheme with Health Maintenance Organizations (HMOs), licensed by the National Health Insurance Scheme (NHIS) to provide health insurance to employees in the private sector. Through this arrangement, each employee, their respective spouses, and dependents below the age of eighteen (18) years are entitled to medical treatments in well-equipped, qualitative network of hospitals under the scheme.

There is also an on-site clinic in the Company's premises where first aid treatment can be administered to ailing staff. Safety regulations are in place within the Company's premises and employees are regularly informed of the regulations.

There are contributory retirement benefit schemes for both management and employees of the Company in conformity with the Pensions Reform Act 2014.

The Company is committed to providing a safe working environment for employees, contractors, customers and members of the public.

- **HIV/AIDS**

The Company works to ensure a safe healthy working environment by providing basic HIV/AIDS training to inform, educate and train all employees about HIV/AIDS prevention, care and control. The Company does not discriminate against or dismiss any employee on the basis of his or her HIV status. The HIV status and medical records of any individual will be considered and kept as strictly confidential. As much as possible care will be taken to support such individuals by providing counselling and medical support services.

- **Employee Involvement**

CAP Plc maintains an engaged work culture on a company-wide basis. A number of communication initiatives as well as survey of employees' satisfaction were undertaken to determine the engagement level of employees.

- **Training and Staff Development**

The Company recognizes training of its human resources as an investment which adds value to the business. We are therefore committed to continuous development of our workforce through courses and seminars organized internally and externally including overseas courses. Individual needs of each employee are considered in organizing training courses. Members of staff are also encouraged and assisted financially to embark on self-development schemes to improve themselves both academically and professionally.

- **Anti-corruption and Business integrity**

CAP Plc is a signatory to the UN Global Compact Initiative and one of the principles which we practise is anti-corruption. CAP Plc does not give or receive whether directly or indirectly, bribes or other improper advantages

give or receive any gift or payment which is or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. No employee will be criticized for any loss of business resulting from adherence to these principles. The Company's accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

A whistle blowing policy has also been put in place to encourage employees at all levels to alert and inform management of any negative development that might impinge on the value, performance and/or image of the Company before any harm is done. Similarly a corporate fraud policy has been established to facilitate the development of controls which will aid in the detection and prevention of fraud against the company. It is our intention to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

## • DONATIONS

The following were given by way of gifts and donations during the year:

2019 DONATIONS		
S/N	DESCRIPTION	AMOUNT
1	Supported the SOS YouthCan Project of the SOS Children's Village. Nigeria	3,940,000.00
2	Donated money to the best graduating trainee of the Artisan School for Decorative Painting	100,000.00
3	Supported Go-Forte Foundation Easter Paint Splash event with paints	149,403.89
4	Support the Annual-Inter House Sports Competition of Ogba Primary School	92,300.00
	<b>Total</b>	<b>4,281,703.89</b>

## 22. EVENTS AFTER REPORTING PERIOD

On 30 January 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of coronavirus disease (Covid-19). Since 11 March 2020, the WHO has characterized the spread of the corona virus as a pandemic. The continued spread of the coronavirus will most likely impact the global economy and Chemical and Allied Products Plc (the Company)'s financial position and results. More specifically, the impact is expected on instruments measured at fair value and on the expected credit losses.

The Company is closely monitoring any financial impact attributable to Covid-19 outbreak on its business operations. Given the uncertainties and ongoing business developments, the Company cannot accurately and reliably estimate the quantitative impact of the outbreak on its business.

## 23. PROPERTY, PLANT AND EQUIPMENT

Information relating to property, plant and equipment is given in Note 14 to the financial statements.

## 24. AUDITORS

The Auditors, Messrs. Ernst & Young having indicated their willingness, will continue in office as the Company's Auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20, LFN 2004.

**Dated this 20th day of March, 2020**

**BY ORDER OF THE BOARD**



**AYOMIPO WEY**

**Company Secretary**

FRC/2013/NBA/00000003124



## INTRODUCTION

Chemical and Allied Products Plc (“CAP Plc” or the “Company”) is a Company of integrity and high ethical standard. Our reputation for honest, open and dependable business conduct, built over the years, is as much an asset as our people and brand. We are committed to conducting our business in full compliance with the laws and regulations of Nigeria and our group Code of Business Conduct.

Our actions and interactions with customers, employees, government officials, suppliers, shareholders and other stakeholders reflect our values, beliefs and principles.

The Company has in place an effective governance mechanism that ensures proper oversight of its business by the Directors and other principal organs of the Company.

## 1. THE BOARD

### 1.1 General

The Board is responsible for developing the Company's strategy and ensuring that its available assets are utilized towards the attainment of its set strategy and plans. The Board performs supervisory oversight over management activities ensuring that the affairs of the Company are conducted in a manner that increases the value of shareholders' investments and is also beneficial to all other stakeholders of the Company.

In accordance with best practices, the Board comprises of Six (6) Directors made of up five (5) non-executive directors (three of whom are independent) and the Managing Director. The Board members are professionals and business persons with vast experience and credible track record.

### 1.2 Appointment Process

The Board appointment process is guided by transparent and high ethical standards. In other words, the process of appointment to the Board of CAP Plc is transparent and in accordance with relevant regulatory laws and guidelines. In compliance with the SEC Code of Corporate Governance, the Nigerian Code of Corporate Governance and the Board Charter, the Directors are selected based on their skills, competence and experience. Upon approval by the Board, the Nigerian Stock Exchange and the

Corporate Affairs Commission are notified of the appointments of the candidates.

### 1.3 General Board Philosophy

The Board provides overall guidance and policy direction to the Management and acts on behalf of Shareholders in the overall interest of stakeholders and is accountable to the shareholders. It prides itself in people with a blend of experience and knowledge cutting across various lines of the Company.

### 1.4 Chairman and Managing Director Positions

In accordance with good corporate governance practices, the positions of the Managing Director and that of the Chairperson of the Board are occupied by different persons and while the Managing Director is responsible for implementation of the Company's business strategy and the day-to-day management of the business, the Chairperson is not involved in the day-to-day operations of the Company and is not a member of any committee of the Board.

### 1.3 Non-Executive Directors

The Non-Executive Board members possess strong knowledge of the Company's business and usually contribute actively at Board meetings.

### 1.4 Board Changes

During the year under review, Mrs. Oluwakemi Ogunnubi, Mrs. Omolara Elemide and Mr. Solomon Aigbavboa resigned from the Board of CAP Plc while Mr. Opeyemi Olukayode Agbaje retired from the Board on June 20, 2019 and did not offer himself for re-election.

In the same vein, the following directors were appointed to the Board of the Company after the last Annual General Meeting in 2019: Mrs. Awuneba Ajumogobia, Mr. David Wright and Mrs. Udo Okonjo. Their appointments will be presented to the Members at General Meeting for approval.

The Nigerian Stock Exchange and the Corporate Affairs Commission were notified on the various changes to the Board in the course of the 2019 financial year.

### 1.5 Attendance at Board Meetings

The Board meets at least once in every quarter or as frequently as the Board's attention may be required on any situation which may arise. Sufficient notices with clear agenda and reports are usually given prior to convening such meetings.

### 1.6 Board Meeting Attendance

#### KEY:

P = Present

NYA = Not Yet Appointed

LTB = Left The Board

A total of six (6) Board Meetings were held in the 2019 Financial Year. The table below shows Directors' attendance at the meetings.

S/N	Members	20/3/19	18/4/19	20/6/19	24/7/19	17/10/19	27/11/19	Total number of Meetings attended	Percentage of Attendance
1.	Mrs. Awuneba Ajumogobia	NYA	NYA	NYA	NYA	P	P	2	100%
2.	Mr. David Wright	NYA	NYA	NYA	NYA	P	P	2	100%
3.	Ambassador Kayode Garrick	P	P	P	P	P	P	6	100%
4.	Mrs. Udo Okonjo	NYA	NYA	NYA	NYA	P	P	2	100%
5.	Mrs. Bolarin Okunowo	NYA	NYA	P	P	P	P	4	100%
6.	Mrs. Muhibat Abbas	NYA	NYA	P	P	P	P	4	100%
7.	Mr. Solomon Aigbavboa	P	P	P	P	LTB	LTB	4	100%
8.	Mrs. Omolara Elemide	P	P	P	P	LTB	LTB	4	100%
9.	Mr. Opeyemi Olukayode Agbaje	P	P	LTB	LTB	LTB	LTB	2	100%

### 1.7 Board Committees

The Board carries out its oversight function through its standing Committee, the Risk and Governance Committee, which has a Term of Reference that clearly defines its purpose, composition and structure, frequency of meetings and tenure amongst others. Through the Committee, the Board monitors the effective coverage and control over the operations of the Company. It is important to state that in line with best practice, the Chairman of the Board does not sit on the Board Committee.

#### 1.7.1 Risk and Governance Committee

The Risk and Governance Committee is responsible for the oversight of risk and governance related matters.

The Committee is constituted as follows:

1. Mrs. Muhibat Abbas Chairperson/Non-Executive Director
2. Mr. David Wright Member/Managing Director
3. Mrs. Bolarin Okunowo Member/Non-Executive Director
4. Ambassador Kayode Garrick Member/Independent Non-Executive Director
5. Mrs. Udo Okonjo Member/Independent Non-Executive Director
6. Mrs. Omolara Elemide Member/Non-Executive Director (resigned with effect from July 31, 2019)
7. Mr. Solomon Aigbavboa Member/Non-Executive Director (resigned with effect from July 31, 2019)
8. Mr. Opeyemi Olukayode Agbaje Member/Non-Executive Director (Chairperson until his retirement with effect from June 20, 2019)

The following are the Committee's terms of reference:  
Risks

1. Assist the Board in its oversight of risk management and monitoring the Company's performance with regards to risk management;
2. Recommend for Board approval the risk policy of the Company and review its implementation at all levels to achieve the Company's objective ;
3. Monitor that risk management policies are integrated into the Company's culture;
4. Review quarterly risk management reports and make recommendation to the Board on appropriate actions;
5. Periodically evaluate the Company's risk profile, action plans to manage high risks and progress on the implementation of these plans;
6. Ensure that the Company's risk exposures are within the approved risk control limits;
7. Undertake at least annually a thorough risk assessment covering all aspects of the company's business with a view to using the result of the risk assessment to update the risk management framework of the company;
8. Understand the principal risk to achieving the Company's strategy;
9. Ensure that the business profile and plans are consistent with the Company's risk appetite;
10. Make recommendation on the Company's risks management framework including responsibilities, authorities and control;
11. Review the process for identifying and analyzing business level risks;
12. Review the structure for, and implementation of, risk measurement and reporting standard as well as methodologies;
13. Review key control processes and practices of the Company, including limit structures.
14. Ensure that the Company's risk management practices and conditions are appropriate for the business environment;
15. Assess new risk return opportunities.

#### Governance

16. Oversee the Company's financial reporting, its policies and processes;
17. Review the Company's operational performance;
18. Make recommendations to the Board on capital expenditure, specific projects and their financing within the overall approved plan;
19. Appraise the investment climate and recommend to the board where, when and what investment(s) to make with the Company's surplus funds;

20. Make recommendations on management of Company's cash and debt exposure/ borrowings;
21. Monitor compliance with applicable laws and regulations by the Company;
22. Review updates on implementation level of Internal and external auditors' recommendations by management from Board representatives on the Audit Committee;
23. Periodically review the manning level and adequacy of the resources with which internal audit and the risk management functions discharge their duties;
24. Monitor, benchmark and apply as appropriate, best practices with regard to governance and risk;
25. Review accounting policies and reporting standards and ensure their adequacy for the Company's purposes;
26. Make recommendations on the composition of the Board;
27. Recommend the appointment, remuneration and promotion of Executive Directors and Senior Management;
28. Make recommendations to the Board on the adoption of a code of conduct (including the policy on trading in company shares) for Directors and senior executives and to review same from time to time;
29. Periodically review and make recommendations to the Board on the compensation, performance and talent management, succession planning and retention for the Company;
30. Make recommendations on the whistle blowing process for the Company.

The Committee met four (4) times in 2019. The table below shows Directors' attendance at the meetings.

S/N	Members	20/3/19	18/4/19	24/7/19	17/10/19	Total number of Meetings attended	Percentage of Attendance
1.	Mrs. Muhibat Abbas	NYA	NYA	P	P	2	100%
2.	Mrs. Bolarin Okunowo	NYA	NYA	P	P	2	100%
3.	Ambassador Kayode Garrick	P	P	P	P	4	100%
4.	Mr. David Wright	NYA	NYA	NYA	P	1	100%
5.	Mrs. Udo Okonjo	NYA	NYA	NYA	P	1	100%
6.	Mrs. Omolara Elemide	P	P	P	LTB	3	100%
7.	Mr. Solomon Aigbavboa	P	P	P	LTB	3	100%
8.	Mr. Opeyemi Olukayode Agbaje	P	P	LTB	LTB	2	100%

## 2 THE STATUTORY AUDIT COMMITTEE

By virtue of section 359 (3) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, every public company is required to establish a Statutory Audit Committee ("SAC") composed of an equal number of Directors and representatives of its Shareholders, subject to a maximum of six (6) members.

The Committee is currently constituted with 6 (Six) members as follows:

- |                                  |   |
|----------------------------------|---|
| 1. Mrs. Bolarin Okunowo          | Chairperson/Non-Executive Director        |
| 2. Mrs. Muhibat Abbas            | Member/ Non-Executive Director            |
| 3. Ambassador Kayode Garrick     | Member/Independent Non-Executive Director |
| 4. Prince Bassey Manfred         | Member/Shareholder                        |
| 5. Mrs. Abigail Olufolake Olaaje | Member/Shareholder                        |
| 6. Mrs. Samiat Adebake Odunuga   | Member/Shareholder                        |

The profiles of the shareholder representatives in the SAC are:

### 1. Prince Bassey Manfred- Member

Prince Bassey Manfred is a graduate of Law, Economics and Management Policy Strategy and Evaluation from the University of Calabar and holds a Masters Degree in Economics from University of Calabar and another Masters Degree in Management from the University of Ado-Ekiti. He was the pioneer Assistant General Secretary of Independent Shareholders Association of Nigeria. He is an active investor in the Nigerian Capital Market with holdings in quoted and unquoted companies. He sits on the board on a number of private companies and is an audit committee member for several public companies in Nigeria.

### 2. Mrs. Abigail Olufolake Olaaje- Member

Mrs. Olaaje had her Secretarial training in the Lagos State Government Remedial School, Marywood Grammar School Centre, Ebute Metta and also Federal Training Centre, Lagos. She worked as a Typist, Stenographer and Secretary in the following Organizations between 1967 and 2002 - Ministry of Defence, Abeokuta, Nigerian Army Apapa, Lagos, Armed Forces Medical Services, Lagos, Western Naval Command 4, Apapa Lagos, Ministry of Communications, Tafawa Balewa Square Lagos, P & T Department, Lagos and Court of Appeal, Lagos. She retired as Chief Confidential Secretary. She is an avid investor in the stock market. She is also a member of the Audit Committee of LASACO Assurance Plc.



### 3. Mrs. Samiat Adebanye Odunuga- Member

Mrs. Odunuga holds a first degree in Business Administration from Lagos State University, Ojo Lagos State (2008). She had worked as a Teacher at Tees Private School from 1998 to 2002 and later worked with Independent National Electoral Commission, Simpson Street, Lagos in 2012. She is currently working at Livingstone Store. She had obtained training certificates in the following fields – career development and Workplace effectiveness from Skillsedge Consulting Limited, Egbeda Lagos (October 2009). She participated in the workshop on recharge cards printing (December 2009). She also participated in an audit committee training organized by KPMG in 2019.

#### 2.1. Terms of Reference of the Statutory Audit Committee

The Committee is authorized by the Companies & Allied Matters Act, CAP C20 Laws of the Federation 2004 to:

- a) ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- b) review the scope and planning of external audit;
- c) review the findings as reported through the management controls report and management responses thereon;
- d) keep under review the effectiveness of the Company's system of accounting and internal control;
- e) make recommendation to the Board with regards to the appointment, removal and remuneration of the external auditors of the Company;
- f) authorize the internal auditor to carry out investigations into any activities of the Company, which may be of interest or concern to the Committee.

In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns the following responsibilities to the Audit Committee:

- a) To oversee internal audit and internal controls; and to document and review the roles, responsibilities, authority and scope of operations of the internal audit function; approve the annual internal audit plan.
- b) Assist in the oversight of the integrity of the Company's financial statements compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor and performance of the Company's internal audit function as well as that of external auditors;

- c) Establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls of the company;
- d) Ensure the development of a comprehensive internal control framework for the company; obtain assurance and report annually in the financial report, on the operating effectiveness of the company's internal control framework;
- e) Oversee management's process for the identification of significant fraud risks across the company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- f) At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent control review of the company;
- g) Discuss the annual audited financial statements and half yearly unaudited statements with management and external auditors;
- h) Discuss policies and strategies with respect to risk assessment and management;
- i) Meet separately and periodically with management, internal auditors and external auditors;
- j) Review and ensure that adequate whistle-blowing procedures are in place. A summary of issues reported are highlighted to the chairman;
- k) Review, with the external auditor, any audit scope limitations or problems encountered and management's responses to same;
- l) Review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest;
- m) Preserve auditor independence, by setting clear hiring policies for employees or former employees of independent auditors;
- n) Consider any related party transactions that may arise within the company or group;
- o) Invoke its authority to investigate any matter within its terms of reference and the company must make available resources, including internal audit and access to external advice where necessary, to carry out this function; and report to the members of the company at annual general meeting and to the Board of Directors, when necessary.

## 2.2 Attendance at SAC Meetings

In the course of the financial year 2019, the SAC met four (4) times as outlined in the schedule below:

S/N	Members	20/3/19	18/4/19	24/7/19	17/10/19	Total number of Meetings attended	Percentage of Attendance
1.	Mrs. Bolarin Okunowo	NYA	NYA	P	P	2	100%
2.	Mrs. Muhibat Abbas	NYA	NYA	P	P	2	100%
3.	Ambassador Kayode Garrick	P	P	P	P	4	100%
4.	Prince Bassey Manfred	P	P	P	P	4	100%
5.	Mrs. Abigail Olufolake Olaaje	P	P	P	P	4	100%
6.	Mrs. Samiat Adebake Odunuga	P	P	P	P	4	100%

## 3. ACCOUNTABILITY, AUDIT AND CONTROL

### 3.1 Financial Reporting

The Directors make themselves accountable to shareholders through regular publication of the Company's financial performance and annual reports.

The Board is mindful of its responsibilities and is satisfied that in the preparation of its financial report, it has presented a balanced assessment of the Company's position and prospects in accordance with its obligation under the Code of Corporate Governance.

Ernst & Young acted as external auditors to the Company during the 2019 financial year.

## 3.2 Control Environment

The Company has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board and Risk and Governance Committee Meetings.

The Board has continued to place emphasis on risk management as an essential tool for achieving the Company's objectives. Towards this end, it has ensured that the Company has in place robust risk management policies and mechanisms to ensure the identification of risks and effective controls.

The Board approves the annual budget for the Company and ensures that a robust budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

## 4. COMPANY SECRETARY

The Company Secretary plays an important role in supporting the effectiveness of the Board by assisting the Board and management to develop good corporate governance practices and culture within the Company. The Company Secretary ensures adequate dissemination of information among Board members and between the Board and the Management of the Company. In furtherance of Board and Committee meetings, the Company Secretary undertakes the preparation of the necessary papers and other documents requisite for the success in deliberations. The Company Secretary is responsible for providing the Board and Directors individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company.

The Office of the Company Secretary ensures that the Company complies with the relevant regulatory laws including the Investment and Securities Act, the Securities and Exchange Commission (SEC) Rules and Regulations, the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Nigerian Code of Corporate Governance, the Factories Act, the Companies and Allied Matters Act, the Nigeria Stock Exchange Rules and Regulations, amongst others.

The procedure for the appointment and removal of the Company Secretary is a matter for the Board.

### 5. SHAREHOLDERS

The Company ensures the existence of adequate interaction among the Shareholders, the Management and the Board of the Company. The Company's General Meetings provide Shareholders the platform to contribute to the administration of the Company. The Annual General Meetings (AGMs) are held in accessible locations and are open to Shareholders or their proxies. The AGMs are conducted in a manner that facilitates Shareholders' participation in accordance with relevant regulatory and statutory requirements.

The Company encourages Shareholders to attend these meetings by ensuring that notices of meetings and other information required by Shareholders to make informed decisions are dispatched in a timely manner. The office of the Company Secretary additionally affords Shareholders channels of communication to the Board and the Management of the Company.

It is the responsibility of the Shareholders to approve the appointment of Directors and to grant other approvals that are required by law or the Articles of Association of the Company. The Shareholders through its representatives on the Statutory Audit Committee in line with section 359 of the CAMA and the SEC Code also assume responsibility for the integrity of the Company's audited accounts.

### 6. TRADING IN SECURITIES POLICY

In compliance with the Rules of the Nigerian Stock Exchange, the Company has in place a Securities Trading Policy to guide our Board, Employees, External Advisers and Related Parties on trading in the securities of the Company within the closed period. Under the policy, the closed period is when no Director, employee, external adviser and related party with inside information can trade in the Company's securities. The closed period is 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any price sensitive matter or the date of circulation of agenda papers pertaining to a board meeting on any of the said matters up to 24 hours after the price sensitive information is submitted to the Exchange. The trading window shall thereafter be opened.

We hereby confirm that no Director and key management personnel traded in the securities of the Company within the closed period.

### 7. COMPLAINT MANAGEMENT POLICY

CAP Plc has in place a Complaints Management Policy to handle and resolve complaints from our shareholders and investors. The policy was defined and endorsed by the Company's senior management that is also responsible for its implementation and for monitoring compliance. The policy is on the Company's website at [www.capplc.com](http://www.capplc.com).

### 8. CODE OF BUSINESS CONDUCT

As a member of the UAC of Nigeria Plc Group, the employees of the Company subscribe to UACN Code of Business Conduct. The Code forms the basis of the conduct expected of every employee of the Company and reflects our core values and principles. The Board of Directors is responsible for ensuring that the Code is communicated to, understood and observed by all employees.

# Sustainability and Corporate Social Responsibility Report



## Our Approach to Sustainability at Chemical and Allied Products Plc

Chemical and Allied Products Plc ("CAP Plc") as a leading manufacturer of paints and paint products, recognizes the importance of integrating sustainability principles to business strategy. Against this backdrop, our overall aim is to achieve positive impact on the society as a whole while maximizing the creation of shared value for all stakeholders. Accordingly, our focus has been to conduct our business in line with the utmost sustainability principles.

We are taking a more serious look at the environmental and social impacts and risks potentially associated with our business operations as we strive to retain our standards while delivering on our corporate social responsibilities.

At CAP Plc, we understand our responsibility in ensuring that our products and business activities do not harm the environment. We believe that the success of our Company is linked with the livelihoods and resilience of the communities we operate in and as such, we will continue to work with our stakeholders to ensure that they understand and comply with relevant environmental protection laws and guidelines.

## HEALTH AND SAFETY

At CAP Plc, the Occupational Health and Safety policy focuses on conducting our operations safely at all times, protecting the health and safety of all persons in compliance with relevant statutory requirements. We focus on driving a robust commitment-based Health, Safety and Environment ("HSE") culture with continuous improvement of HSE processes, operational excellence to achieve our vision of zero accidents/injuries and harm.

CAP Plc has an Emergency Response and Disaster Recovery Plan which covers fire as well as other natural disasters. Thus, we possess adequate fire protection system and fighting equipment which includes fire extinguishers, smoke detectors, fire hydrant system, break glasses and synchronized fire alarm panels. There is demonstration of full compliance with statutory fire drill exercise.

# Sustainability and Corporate Social Responsibility Report cont'd



## PRODUCT LIFE CYCLE APPROACH

Product and Services responsibility in CAP Plc ensures the environmental impact of products and services is considered in the course of the product lifecycle. As such, we ensure the production of our products is done with lead-free raw materials and 95.5% of our productions are water-based. We have a reduced VOC level as a result of low production of solvent-based products.

## WASTE MANAGEMENT APPROACH

CAP Plc generates waste in biodegradable, non-biodegradable, process, electronic and medical waste streams. The production process generated about 81% of the total waste generated, in ratio of 14% sludge and 67% packaging waste. We generate about 2% of electronic waste from spent electric bulbs, damaged computers as well as spent ink cartridges which are disposed in line with relevant regulations. Our medical waste is about 0.2% of the total waste which are from used needles and syringes, and disposal is done with the medical arm of the relevant waste management authority.

CAP Plc has waste management initiatives such as monitoring of paper consumption usage which had a 9.6% reduction in 2019 over 2018. This has greatly shown that our organization has a commitment to reduce the environmental impact on the society at large. We continually ensure operational waste are recycled where possible and disposed responsibly where recycling is currently not practicable.

## WATER CONSUMPTION

Sustainable water supply is essential to life and the sustainability of our business as we rely solely on water for our manufacturing process as well as domestic purposes. Approximately 5 million liters of surface water was generated and used in 2019 and about 16% of it was generated and treated to meet statutory limits at the Effluent Treatment Plant (ETP) as waste water in compliance with the relevant regulatory standards.

## ENERGY USAGE

Energy use is another key environmental indicator at CAP Plc. Greenhouse Gas (GHG) emissions from our facilities are primarily related to electricity consumption and fuel used for generating set and transport. Energy use was reduced by the installation of LED light within the warehouses, factory and total replacement of 1000KVA generator with 500KVA. The total energy used in kWh in 2019 both from the grid and fuel consumption is approximately 600,000kWh.

## ENVIRONMENTAL REGULATORY COMPLIANCE

CAP Plc observes strict adherence to relevant environmental laws as well as regulations and thus had, and continues to, maintain a 100 percent compliance level with regulatory bodies over the years.



## Sustainability and Corporate Social Responsibility Report cont'd



### HUMAN RIGHTS

At CAP Plc, we respect human rights in our business activities as human rights are important rights. We understand that social equity refers to a fair and equitable distribution of economic and environmental costs and benefits, and the ability to participate in decision-making processes; and this is thoroughly integrated into our working conditions, both internally (as it affects our staff) and externally.

The Company is careful not to engage in transactions that harbor human rights risks, such as child labor, human trafficking and was well as all forms of discrimination, including gender and religion.

### CORPORATE GOVERNANCE ON ENVIRONMENTAL AND SOCIAL LIFE

This is a vital part of our commitment to sustainable practices as a public company. We strive to achieve a high level of corporate governance; it is essentially balancing the interests of all our stakeholders. We note that it is not sufficient for a company to be only profitable but to also strive to demonstrate a global standard practice of corporate governance. Typically, the Board is charged with overseeing the implementation of corporate governance practices and the Company Secretary is the Chief Governance officer, advising continuously on compliance with best corporate governance practices.

One of the tenets of corporate governance is ensuring that there are clear lines of responsibility, authority and accountability and making sure appropriate responsibilities and measures are in place.

Our business is supported by sound governance structures, and strong organizational and risk frameworks. Together, these foster adequate decision-making and risk management processes. For CAP Plc, responsible governance means operating according to high ethical standards, including those that address environmental and social challenges. It also means operating within the ambit of regulations, sound principles of transparency, responsibility, fairness, efficiency, and defense of shareholder's interest. The Board of Directors is the Company's highest decision-making body, except for matters reserved for Members at General meeting. Our approach to responsible governance underpins our corporate culture, which remains essential for the Company's long-term success and its stakeholder relationships. The Board consists of 6 directors, 3 of whom are Independent Non-Executive Directors (INEDs). The INEDs bring their independent, specialist knowledge and impartiality to bear in strategy development and execution monitoring.

Corporate culture is not only fostered through top-down leadership; it also requires employees at all levels to understand the importance of personal accountability, risk, and values of integrity.

## Sustainability and Corporate Social Responsibility Report cont'd



At CAP Plc, we will remain focused and committed on achieving sustainable performance. This translates into taking measures to minimize harm in the communities we operate in. We would continually communicate our progress and create more awareness. It is our belief that for sustainability initiatives to thrive within the Nigerian manufacturing industry, a firm commitment by, and robust collaboration with, all industry stakeholders is necessary and we are committed to achieving this.

As a Company committed to maintaining sustainable best practices, we deploy initiatives that are complete and cross-cutting. We also foster Gender diversity and inclusion, as well as ensure an enabling environment that encourages women participation. In 2019, there were 261 employees with male staff accounting for 58% and female staff accounting for 42%. Also, women are duly represented at the Board level with 4 members of the Board being women and 2 members being men.

### CORPORATE SOCIAL RESPONSIBILITY REPORT

CAP Plc participates in the United Nations Global Compact Initiative and pursues a vibrant corporate social responsibility agenda.

The Company launched its corporate social responsibility policy in 2006 with the aim of looking at the business through a new lens. We are mindful that our little action or inaction affects our society, the economy and the environment. Therefore, CAP Plc has been steadfast and committed to the culture of truly Caring About People.

Our focus has been on the educational sector through interventionist initiatives that seek to uplift standards in the sector and provide a more conducive environment for a sound academic attainment.

### CAP and Corporate Social Responsibility - 2019

The principles of the UN Global Compact Initiative guide the way we work and the way we implement policies, processes and programs to clearly align with our thrust for business growth with our obligations to the society.

Our CSR policy recognizes the Company's role in the following broad areas: Vision, mission and values, market place activities, workforce activities, supply chain activities, community activities, stakeholder engagement and environmental concerns. The journey has been rewarding and we are encouraged to keep doing good.

### Vision, Mission and Values

**Our Vision:** Creating a new Africa inspired by colors.

**Our Mission:** Providing individuals and organizations with products and services to create colorful and exciting spaces.

## Sustainability and Corporate Social Responsibility Report cont'd



**Shared Values:** The CAP community strives to live its shared values of Courage, Integrity, Leadership, Empowerment, Innovation and Customer centrisim.

**UAC of Nigeria ("UACN") Code of Business Conduct:** CAP is a signatory to the UACN code of business conduct which outlines expected pattern of conduct for all employees including the rejection of any form of inducement (giving or receiving).

**Whistle Blowing:** The whistle blowing procedure in place ensures that e-mails are anonymously received, discretely investigated and a report sent to the Statutory Audit committee.

**Marketplace Activities:** Our service mission is to delight our customers with exceptional quality products and services. We aspire to provide peace of mind for our customers. Some of the marketplace activities are:

- **Product Information Integrity:** Precise and concise information about our products are provided to customers through clear and proper labelling and products information bulletin.
- **Value/culture alignment of Agents:** Agents and their employees are educated on the values of the Company and are supported to imbibe them.
- **Customer involvement in improvement processes:** Product knowledge and suggestions for improvement are discussed regularly with our customers at different customer/consumer engagement fora. Customer satisfaction surveys are also conducted as part of the feedback system.
- **Capacity building of Agents and users:** Several training and development initiatives are conducted annually for our agents, partners and other users of our products.
- **HSE compliance of Agents:** Agents' outlets are regularly assessed for compliance with HSE standards and practices. Corrective actions are taken as appropriate to ensure conformity.
- **Careline Unit:** The Customer Careline unit collates and monitors feedback from our customers and other Stakeholders. This is fed into our process for customer satisfaction improvement initiatives.

### Workforce Activities

We aspire to be an employer of choice. We recognize that our success is dependent on the caliber and motivation of our people.

**Recruitment and Retention:** Our policy involves the right placement of people in the right roles and retention of talented people. Annual employee surveys are conducted to provide information on what employees value and where they want us to improve.

## Sustainability and Corporate Social Responsibility Report cont'd



**Training and Development:** The annual training plan achievement is measured to monitor performance and progress. Effectiveness of training programs is also monitored through annual performance appraisal of staff and delegation of responsibilities.

**Freedom of Association and Collective Bargaining:** Our employees belong to a vibrant local union and an industry wide trade union.

**Self-development:** The tuition costs of pre-approved and relevant programs of study for our employees are fully paid for by the company.

**The Crèche:** A friendly crèche is operated at the company's head office at Ikeja to promote baby-mother bonding.

**Recognition:** We recognize the achievement of employees who display exemplary traits of integrity, dedication to duty, customer focus and initiative in line with our shared values.

**Life after Work Training:** We constantly remind employees of the inevitability of retirement and train them to face the challenges of that situation when it occurs.

**Appointment and fair treatment of Suppliers and Contractors:** Suppliers of goods and services are appointed using defined criteria that do not discriminate on the basis of religion, tribe or sex. We strive to treat them fairly and settle their invoices on due dates.

**Promoting Sustainable Environment:** We strive to ensure that our operations are carried out with minimum impact on the environment by adopting environmental friendly initiatives in our production value chain.

**Promoting Healthy Lifestyle:** We conduct health seminars, provide the environment for recreation and share knowledge on the essence of living well. We have a gym to promote healthy living through regular exercise and relaxation.

### Community activities

CAP values community leadership and responsibility. We are committed to playing a responsible and responsive role in the Community. In 2019, we undertook the following projects:

1. Supported the YouthCan Project of the SOS Children Villages Nigeria
2. Supported the Go-Forte foundation Easter paint splash event with paints
3. Supported the Annual School Inter-House Sports Competition of Ogba Primary School
4. Donated cash award to the best graduating student of the Artisan School for Decorative Painting

## Sustainability and Corporate Social Responsibility Report cont'd



### CAP - A Participant in the UN Global Compact Initiative

In August 2006, the Company was accepted by the United Nations' Secretary General as a Signatory to the UN Global Compact Initiative, raising the bar in human rights, labor standards, environment and anti-corruption. We have joined the local network and are committed to propagating the values of the Global Compact Initiative.

	Global Compact Principle	Action Taken/Impact Achieved
1	Businesses should support and respect the protection of internationally proclaimed human rights	The staff handbook provides guidelines on Staff welfare, disciplinary and grievance procedures. Employees are made aware of their rights at the workplace and are assured of fair treatment always.
2	Businesses to ensure that they are not complicit in human rights abuses.	People are assessed based on defined criteria that do not discriminate on the basis of religion, tribe or gender.  CAP Plc is represented at employers' associations with a view to assisting the process of human rights observance.
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	CAP Plc workers belong to a vibrant local union. CAP Plc recognizes the union's right to collective bargaining and implements industry's collective agreement on schedule.
4	The elimination of all forms of forced and compulsory labour;	Employees discuss, negotiate and agree their terms of employment and are free to accept/reject the terms without coercion. CAP Plc employs 8 hour work day and annual leave with full benefits.
5	The effective abolition of child labour;	CAP will not employ anyone under the age of 18 years and will not do business with any supplier that engages in child labour activities.
6	The elimination of discrimination in respect of employment and occupation.	CAP Plc is an equal rights employer, without discrimination on account of sex, tribe, religion or profession.

## Sustainability and Corporate Social Responsibility Report cont'd



	Global Compact Principle	Action Taken/Impact Achieved
7	Businesses should support a precautionary approach to environmental challenges;	We are committed to producing environmentally friendly products. For example, the company had successfully produced lead-free water based paints making the company first to achieve this feat in the country. CAP Plc is also at the advanced stage of producing a low VOC solvent based paint.  We are also committed to the reduction of VOC (Volatile Organic Compounds) of our gloss products release into the environment.  While the bulk of our products are water based (environmentally friendly), a small percentage of our gloss products that have high VOCs are still being produced. The goal is to reduce emissions by 50% by end of year 2021.
8	Undertake initiatives to promote greater environmental responsibility;	We work closely with agencies to monitor our environmental performance and sustain improvements. We conduct quarterly environmental audits. We ensure regular maintenance of our effluent system. CAP Plc has a well-articulated Environmental Management Program which made the company to be awarded the NIS ISO 14001:2015 (Environmental Management System) certification by the Standard Organization of Nigeria.
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	In making decisions to buy or use products and services, we appraise their environmental friendliness.
10	Businesses should work against all forms of corruption, including extortion and bribery.	CAP is a signatory to the UACN Code of Business Conduct, which outlines expected pattern of conduct for all employees including the rejection of any form of inducement, giving or receiving.

### Registered Office/Head Office

2, Adeniyi Jones Avenue  
PMB 21072, Ikeja, Lagos  
Tel: 08159493070

Careline telephone: 08159493070  
e-mail: careline@capplc.com  
website: www.duluxnigeria.com  
www.capplc.com

## Statement of Directors' Responsibilities

For the year ended 31 December 2019



The Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 ("CAMA") requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibility includes:

- a) Ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of CAMA;
- b) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c) Preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of CAMA.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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 statement.

**Mrs. Awuneba Ajumogobia**  
Chairperson  
FRC/2020/003/00000020801  
March 20, 2020

**Mr. David Wright**  
Managing Director  
FRC/2020/003/00000020768  
March 20, 2020

## Report of the Statutory Audit Committee

For the year ended December 31, 2019



To Members of Chemical and Allied Products Plc,

In compliance with the provisions of Section 359 (6) of the Companies and Allied Matters Act (Cap C20) Laws of the Federation of Nigeria 2004 ("CAMA"), we the members of the Statutory Audit Committee of Chemical and Allied Products Plc ("the Company") hereby report that we have exercised our statutory functions under Section 359 (6) of CAMA and acknowledge the cooperation of the Management and Staff in the conduct of these responsibilities.

### Specifically we confirm that:

1. The accounting and reporting policies of the Company are consistent with legal requirements and agreed ethical practices.
2. The scope and planning of the external audit for the year ended December 31, 2019 were satisfactory and adequate.
3. The Company maintained effective systems of accounting and internal controls during the year.
4. The Company's Management adequately responded to matters covered in the management report issued by the external auditors.

We deliberated with the external auditors who confirmed that all necessary cooperation was received from management and that they had issued a clean report in respect of the year ended December 31, 2019.

**Mrs. Bolarin Okunowo**  
Chairperson, Statutory Audit Committee  
FRC/2020/003/00000020616

Dated March 19, 2020

### Members of the Statutory Audit Committee:

Mrs. Bolarin Okunowo	-	Chairperson
Mrs. Muhibat Abbas	-	Member
Amb. Kayode Garrick	-	Member
Prince Bassey Manfred	-	Member
Mrs. Abigail O. Olaje	-	Member
Mrs. Samiat Odunuga	-	Member



## Report of the Auditors



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### Independent Auditors' Report

#### To the Members of Chemical and Allied Products Plc Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Chemical and Allied Products Plc which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Chemical and Allied Products Plc as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act No.6, 2011

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Chemical and Allied Products Plc. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Chemical and Allied Products Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

## Report of the Auditors cont'd



### Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee Report, Corporate Governance Report and Other National Disclosures (Value Added Statement and 5 Year Financial Summary) as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.



We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

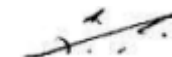
We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



**Yusuf Aliu, FCA**  
FRC/2012/1CAN/00000000138  
For: Ernst & Young  
Lagos, Nigeria



26 March 2020

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019



	Notes	'12 Months to December 2019 N000	'12 Months to December 2018 N000
<b>Revenue</b>	5	8,410,650	7,670,315
Cost of sales	7i	(4,437,688)	(4,034,561)
<b>Gross profit</b>		3,972,962	3,635,754
Selling and marketing expenses	7iii	(584,238)	(262,518)
Administrative expenses	7ii	(1,366,551)	(1,152,345)
Other income	6	97,935	64,309
<b>Operating profit</b>		2,120,108	2,285,200
Finance income	9	426,496	327,249
Finance cost	10	(869)	(14,618)
Net Finance income		425,627	312,631
<b>Profit before taxation</b>		2,545,735	2,597,832
Income tax expense	11	(803,647)	(568,489)
<b>Profit for the year</b>		1,742,088	2,029,343
<b>Other comprehensive income for the year net of tax</b>		-	
<b>Total comprehensive income for the year, net of tax</b>		1,742,088	2,029,343
<b>Earnings per share for profit attributable to the equity holders of the company:</b>			
Basic and diluted EPS (kobo)	13	249	290

The financial statements has been approved and authorised for issue by the board of directors on March 20th, 2020

The notes on pages 69 to 126 are an integral part of these financial statements

## Statement of Financial Position

For the year ended 31 December 2019



	Notes	2019 N000	2018 N000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	869,674	729,962
Right of use asset	16	6,067	-
Intangible assets	15	7,541	25,814
Finance lease receivable	18b	10,375	10,377
		893,657	766,153
<b>Current assets</b>			
Inventories	17	1,050,103	884,115
Return Asset	24	23	926
Trade and other receivables	18a	371,696	172,488
Prepayments	19	122,495	148,270
Cash and cash equivalents	20	4,322,987	4,339,294
		5,867,304	5,545,093
<b>Total assets</b>		6,760,961	6,311,246
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liability	26	5,334	-
Deferred taxation liabilities	23	164,756	127,053
		170,090	127,053
<b>Current liabilities</b>			
Trade and other payables	21	1,801,552	1,559,016
Refund liability	25	102	2,070
Lease liability	26	869	-
Current income tax liabilities	11	765,944	800,841
Dividend payable	12	1,500,720	1,013,328
		4,069,187	3,375,254
<b>Total liabilities</b>		4,239,277	3,502,307
<b>Net cash flow used in financing activities</b>			
Ordinary share capital	22	350,000	350,000
Share premium	22	19,254	19,254
Retained earnings		2,152,430	2,439,685
<b>Total equity</b>		2,521,684	2,808,939
<b>Total equity and liabilities</b>		6,760,961	6,311,246

**Mrs. Awuneba Ajumogobia**

Chairman

FRC/2020/003/00000020801

**Mr. David Wright**

Managing Director

FRC/2020/003/00000020768

**Mr. Abiola Odeyemi**

Finance Manager

FRC/2016/ICAN/00000013925

The financial statements has been approved and authorised for issue by the board of directors on March 20th, 2020. The notes on pages 69 to 126 are an integral part of these financial statements.

## Statement of Changes in Equity

For the year ended 31 December 2019



	Share Capital	Share Premium	Retained Earnings	TOTAL EQUITY
	N000	N000	N000	N000
<b>At 1 January 2018</b>	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
Other comprehensive income	-	-	-	-
<b>Total comprehensive income:</b>	-	-	2,029,343	2,029,343
<b>Transaction with owners:</b>				
Dividend paid and proposed	-	-	(1,435,000)	(1,435,000)
<b>Balance at 31 December 2018</b>	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	-	-	1,742,088	1,742,088
<b>Total comprehensive income:</b>	-	-	4,181,773	4,551,027
<b>Transactions with owners:</b>				
Dividend paid and proposed	-	-	(2,029,343)	(2,029,343)
<b>Balance at 31 December 2019</b>	350,000	19,254	2,152,430	2,521,684

## Statement of Cash Flows

For the year ended 31 December 2019



	Notes	2018 N000	2017 N000
<b>Profit before taxation</b>		<b>2,545,735</b>	<b>2,597,832</b>
Adjustments for:			
Depreciation	14	130,960	94,736
Amortisation	15	18,273	23,255
Profit on sale of PPE	6	(193)	(52)
Finance cost		-	14,618
Interest on lease liability	10	869	-
Government grant	30	-	(1,484)
Right of use depreciation	16	138	-
Impairment on other receivable		-	814
Write back/impairment of trade receivable		(5,631)	14,776
Impairment on intercompany receivable		-	2,633
Write back/impairment of short term deposits		(7,964)	11,243
Finance lease	18b	2	2
Finance income		(426,496)	(327,249)
Net foreign exchange loss		-	2,473
Cash from operations before working capital changes		<b>2,255,693</b>	<b>2,433,596</b>
(Increase)/decrease in inventory	17	(165,988)	303,290
(Increase) in trade and other receivables	18b	(193,577)	(156,439)
Increase in payables	21	631,580	428,182
Decrease/(increase) in prepayment	19	25,775	(3,350)
Increase in return asset	24	903	256
Decrease in refund liability	25	(1,968)	(424)
Increase in restricted cash		(8,790)	-
Cash generated from operations		<b>2,543,628</b>	<b>3,005,111</b>
Income taxes paid	11	(800,841)	(319,081)
<b>Net cash from operating activities</b>		<b>1,742,787</b>	<b>2,686,030</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE	14	(270,956)	(133,982)
Proceeds from disposal of PPE		478	395
Lease payment	26	(871)	-
Impairment of cash short term		7,964	(43,095)
Interest received	9	426,496	327,249
<b>Net cash flow from investing activities</b>		<b>163,111</b>	<b>150,567</b>
<b>Cash flows from financing activities</b>			
Dividends refunded	12	206,438	206,683
Dividends paid	12	(2,030,227)	(1,437,953)
Dividends re-imbursement	12	(107,206)	-
Interest Paid		-	(4,019)
Loan Repayment		-	(80,000)
<b>Net cash flow used in financing activities</b>		<b>(1,930,995)</b>	<b>(1,315,289)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(25,097)</b>	<b>1,521,308</b>
Net foreign exchange gain		-	(2,473)
Cash and cash equivalents at beginning of period	19	<b>4,339,294</b>	<b>2,820,459</b>
Cash and cash equivalents at end of period	19	<b>4,314,197</b>	<b>4,339,294</b>

The financial statements has been approved and authorised for issue by the board of directors on March 20th, 2020. The notes on pages 69 to 126 are an integral part of these financial statements.



## Notes to the Financial Statements

For the year ended 31 December 2019



### 1. General information

Chemical and Allied Products Pie ('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 2019:

##### 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

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



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.

### 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 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, 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.

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.

### 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.

(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 originally recognised those past transactions or events.

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 on its financial statements when it becomes effective.

### **The Conceptual Framework for Financial Reporting**

Effective immediately for the IASB and the IFRS IC. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. Thus, no impact to the Company.

### **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 - 1 Jan 2020
- Definition of Material - Amendment to IAS 1 and IAS 8 - 1 Jan 2020
- Amendment to The Conceptual Framework for Financial Reporting - 1 Jan 2020

### **Policy from 1 January 2019**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2018



### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets (ROU)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	40 to 99 years
------	----------------

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non financial assets.

#### ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Interest-bearing loans and borrowings.

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. 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.

### New and amended standards and interpretations

#### IFRS 16 Leases

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.



## Notes to the Financial Statements cont'd

For the year ended 31 December 2018



The effect of adopting IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	1 January 2019
	₦000
Assets	
Right-of-use assets	6,205
Prepayments	-
Total assets	
Liabilities	
Lease Liability	6,205

### 2.2 Segment report

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.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2018



### (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 buildings) 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 (40 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 Impairment 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 its estimated recoverable amount.

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 amortisation 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.

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.

### 2.7 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 cost of disposal 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 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.

#### (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 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 18a and 20).

#### 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.

### 2.8.1 Subsequent measurement

#### (i) Loans and receivables

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.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 2.8.2 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).

#### Summary of significant accounting policies

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

Objective 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:

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



- (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.

#### 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.

### 2.8.3 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.

### 2.8.4 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.

#### Trade payables

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

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



## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 2.8.5 Loans and borrowings

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

#### 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.

### 2.8.6 Financial Instruments-initial 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

##### Initial 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.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



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:

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



- 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 18a

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).

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



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:

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 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.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 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.

### 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.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 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.

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.

## Notes to the financial statements cont'd

For the year ended 31 December 2019



### 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.

#### (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.



## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 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 criteria for 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).

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 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. Dealers reward are granted to agents to compensate their performances during the year.

#### *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, as at 31 December 2019 no performance obligation is outstanding however, we have assessed our revenue for the last 7 days in the year and recognised return assets in the statements of financial position and the corresponding entry was adjusted in the revenue as required by IFRS 15.

#### *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 component

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 elected 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 Receivables

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

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. Contingent 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.

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.

### 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.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



The company's foreign exchange risk is as follows:

	2019	2018
	N000	N000
Cash and short term deposits:		
Naira	4,163,771	4,151,457
USD	126,496	146,074
GBP	32,720	41,763
Total cash and short term deposits	<u>4,322,987</u>	<u>4,339,294</u>

Financial risk factors

(i) Foreign exchange risk	2019	2018
	N000	N000

If the Naira was to decrease by 1 % against the foreign currencies the impact on profit would be as follows (and vice versa for a 1 % increase).

USD	413	1,461
GBP	532	418

### (ii) Price risk

The company is not exposed to equity securities price risk and commodity price risk. The company had no equity securities as at 31 December 2019 and 31 December 2018.

### (iii) Interest rate risk

The company's interest rate risk arises from short term deposits of excess funds which are held at variable rates and interest rate on the borrowing from Bank of Industries (BOI). The company monitors interest rate exposures and sensitivities on a monthly basis

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



Net cash flow used in financing activities

		31 December 2019		
		Interest bearing		
	Weighted average	Variable rate	Fixed rate	Non-interest bearing
	%	N000	N000	N000
<b>Financial assets</b>				
Finance lease receivable	28.6	-	10,375	-
Trade and other receivables (excluding prepayments)	-	-	-	261,311
Cash and bank balances	-	-	-	138,273
Short term deposits	13.75	-	<u>4,175,924</u>	-
		-	<u>4,186,298</u>	<u>399,583</u>
<b>Financial liabilities</b>				
Borrowing				
Trade and other payables		-	-	<u>1,801,552</u>
		-	-	<u>1,801,552</u>

### 3.1 Financial risk factors

#### (a) Market risk

		31 December 2018		
		Interest bearing		
	Weighted average	Variable rate	Fixed rate	Non-interest bearing
	%	N000	N000	N000
<b>Financial assets</b>				
Finance lease receivable	28.6	-	10,377	-
Trade and other receivables (excluding prepayments)	-	-	-	88,974
Cash and bank balances	-	-	-	196,933
Short term deposits	13.32	-	<u>4,142,361</u>	-
		-	<u>4,152,737</u>	<u>285,907</u>
<b>Financial liabilities</b>				
Borrowing				
Trade and other payables		-	-	<u>1,559,016</u>
		-	-	<u>1,559,016</u>

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### (b) Credit risk

Credit risk is monitored and managed in the company by the Finance Controller. The company is responsible for managing and analysing the credit risk for each of her new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the company utilises the institutions that have sufficient reputational risk but do not strictly monitor their formal ratings. In addition the company monitors its exposures with individual institutions and has internal limits to control maximum exposures. Credit terms are set with customers based on past experiences, payment history and reputations of the customers. Sales to retail customers are settled in cash, while only agents and corporate customers are given credits based on limits set by the board, typically 30 days.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

### (a) Credit risk

31 December 2019

	Total gross amount N000	Fully performing N000	Past due but not impaired N000	Impaired N000
Finance lease receivable	10,375	10,375	-	-
Trade receivables	290,099	261,311	-	28,788
Receivable from related parties	15,504	9,251	-	6,253
Other receivables	90,242	69,112	-	21,130
Advances to staff	118	118	-	-
Cash and bank balances	138,273	138,273	-	-
Restricted cash	8,790	8,790	-	-
Short term deposits	4,175,924	4,175,924	-	-
	<u>4,720,535</u>	<u>4,673,154</u>	<u>-</u>	<u>56,171</u>

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



31 December 2018

	Total gross amount N000	Fully performing N000	Past due but not impaired N000	Impaired N000
Finance lease receivable	10,377	10,377	-	-
Trade receivables	123,393	88,974	-	34,419
Receivable from related parties	14,245	7,992	-	6,253
Other receivables	73,870	51,221	-	22,649
Advances to staff	118	118	-	-
Cash and bank balances	196,933	196,933	-	-
Short term deposits	4,142,361	4,142,361	-	-
	<u>4,561,297</u>	<u>4,497,976</u>	<u>-</u>	<u>63,321</u>

### Reconciliation of the provision for impairment

	2019 N000	2018 N000
Trade receivables		
At 1 January	34,419	19,643
Adjustment upon application of IFRS 9		6,260
Balance as at 1 January Restated		25,903
Provision of expected credit loss	(5,631)	14,810
Amount written off during the year	-	(6,294)
At 31 December	<u>28,788</u>	<u>34,419</u>

### Reconciliation of the provision for impairment

	2019 N000	2018 N000
Other receivables		
At 1 January	22,649	21,891
Additional impairment charge for the year	-	758
Unused amounts reversed	(1,519)	-
At 31 December	<u>21,130</u>	<u>22,649</u>



## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### (c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Cash flow forecasting is performed in the company and rolling forecasts of the company's liquidity requirements is monitored to ensure it has sufficient cash to meet operational needs at all times. In addition the company obtained letter of credits as a cover for its foreign suppliers.

The group is finalising new policies on cash reserves and liquidity.

Surplus cash held by the company over and above balance required for working capital management are invested in interest bearing current accounts, time deposits, money market deposits. At the reporting date, the company held money market funds of N4,175,924,000 (2018: N4,142,361,000) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
	N000	N000	N000	N000
At 31 December 2019				
Trade and other payables	1,801,552	-	-	-
	<u>1,801,552</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
	N000	N000	N000	N000
At 31 December 2018				
Borrowing				
Trade and other payables	1,559,016	-	-	-
	<u>1,559,016</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 3.2 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of financial position). Total equity is calculated as 'equity' as shown in the statement of financial position.

	2019 N000	2018 N000
Trade and other payables	1,801,552	1,559,016
Less: cash and cash equivalents	<u>(4,322,987)</u>	<u>(4,339,294)</u>
Net cash and cash equivalents	<u>(2,521,435)</u>	<u>(2,780,278)</u>
Equity	<u>2,521,684</u>	<u>2,808,939</u>
Total Equity	<u>2,521,684</u>	<u>2,808,939</u>
Capital and Debt		
Gearing ratio	<u>71%</u>	<u>56%</u>
The company is a low geared company		

### 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:

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables while general approach is used related party receivables.

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 hospitality 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 receivables is disclosed in Note 18a

### 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).

## Notes to the Financial Statements cont'd

For the year ended 31 December 2018



### 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. 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 N000	2018 N000
Operating profit	2,120,108	2,285,200
Depreciation (Note 14)	130,960	94,736
Interest income (Note 9)	426,496	327,249
Profit before taxation	2,545,735	2,597,832
Income tax (Note 11)	803,647	568,489
Total assets	6,760,961	6,311,246
Total liabilities	4,239,277	3,502,307

	2019 N000	2018 N000
<b>Entity wide information:</b>		
Analysis of revenue:		
Sale of paint products	8,513,938	7,758,380
Distribution cost	(126,809)	(94,219)
Revenue from services	23,521	6,154
	<u>8,410,650</u>	<u>7,670,315</u>

Analysis of revenue by geographical location:

Sale of paint products	<u>8,410,650</u>	<u>7,670,315</u>
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## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### Disaggregated revenue information

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

For the year ended 31 December 2019

	Sale of paint products	Application of paint	Total
	N000	N000	N000
<b>Segments</b>			
<b>Geographical market</b>			
Within Nigeria	8,387,129	23,521	8,410,650
Outside Nigeria	-	-	-
<b>Total revenue from contracts with customers</b>	<u>8,387,129</u>	<u>23,521</u>	<u>8,410,650</u>
<b>Type of goods/service</b>			
Sale of paint products	8,387,129	-	8,387,129
Application of paint	-	23,521	23,521
<b>Total revenue from contracts with customers</b>	<u>8,387,129</u>	<u>23,521</u>	<u>8,410,650</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	8,387,129	-	8,387,129
Services transferred over time	-	23,521	23,521
<b>Total revenue from contracts with customers</b>	<u>8,387,129</u>	<u>23,521</u>	<u>8,410,650</u>
<b>Sales channels</b>			
Through intermediaries	2,851,624	-	2,851,624
Directly to customers	5,535,505	23,521	5,559,026
<b>Total revenue from contracts with customers</b>	<u>8,387,129</u>	<u>23,521</u>	<u>8,410,650</u>

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



The transaction price allocated to the remaining performance obligations (unsatisfied or partially as unsatisfied) as at 31 December are, as follows:

	2019 N000	2018 N000
<b>Within one year</b>	102	2070

The remaining performance obligations are expected to be recognised within one year.

### Concentration risk

Three customers who are agents of the company contributed 36% of the turnover.

### 6. Other income

	2019 N000	2018 N000
Sale of scrap items	18,914	5,328
Profit on sale of PPE	193	52
Interest from Government grant	-	1,484
Management fees	65,233	57,445
Writeback on Receivable	5,631	-
Writeback of short term deposit	7,964	-
	<u>97,935</u>	<u>64,309</u>

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

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 7. Expenses by nature

	2019 N000	2018 N000
<b>7i Cost of sales</b>		
Change in inventories of finished goods and work in progress	3,879,673	3,531,246
Staff costs excluding directors' emoluments (Note 8i)	235,395	182,119
Royalty fees (Note 29a)	158,450	139,827
Hire of equipment	31,974	29,721
Capdec project cost	15,948	4,745
Depreciation of property, plant & equipment (Note 14)	76,713	57,372
General risk insurance premium	20,720	14,389
Direct overhead	5,117	8,152
Other expenses	13,698	66,990
	<u>4,437,688</u>	<u>4,034,561</u>

### 7ii Administrative expenses

	2019 N000	2018 N000
Staff costs excluding directors' emoluments	727,387	541,515
Directors' emoluments (Note 8iii)	92,840	74,183
Auditors' fees	20,643	20,983
Depreciation of property, plant & equipment (Note 14)	54,247	37,364
Amortisation of intangible assets (Note 15)	18,273	23,255
Depreciation of ROU asset (Note 16)	138	-
Insurance	4,106	3,199
Commercial service fees (Note 29b)	88,312	81,534
Computer charges	37,912	39,612
Cleaning and laundry	23,150	18,546
Security	11,263	10,357
Impairment on other receivables	-	814
Impairment on intercompany receivables	-	2,633
Impairment and write off on trade receivables	-	14,776
Impairment of short term deposits	-	11,243
Exchange Loss	879	2,473
Other expenses	287,401	269,858
	<u>1,366,551</u>	<u>1,152,345</u>

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



	2019 N000	2018 N000
<b>Selling and marketing expenses</b>		
Marketing, communication & entertainment	393,875	137,228
Tour and travelling	51,577	48,151
Other expenses	<u>138,786</u>	<u>77,140</u>
	<u>584,238</u>	<u>262,518</u>

Included in the marketing, communication & entertainment is donation made during the year.

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

### 8. Employee benefits

	2019 N000	2018 N000
<b>Staff costs include:</b>		
Wages and salaries	878,917	648,107
Pension costs:		
- Defined contribution plans (Statutory)	47,919	38,413
- Defined contribution plans (Voluntary)	<u>35,946</u>	<u>37,114</u>
	<u>962,782</u>	<u>723,634</u>

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 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	2018
	N000	N000

#### Costs

Management	700,275	480,367
Staff	262,507	243,267
<b>Total</b>	<b>962,782</b>	<b>723,634</b>

	2019	2018
	Number	Number
Management	91	80
Staff	123	133
<b>Total</b>	<b>214</b>	<b>213</b>

- (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	2018
	Number	Number
300,000	0	29
700,001	0	67
1,000,001	6	36
1,400,001	25	20
1,800,001	50	8
2,200,001	15	9
2,400,001	23	14
3,000,001	32	17
4,000,001	9	4
5,000,001	25	3
6,000,001	14	3
8,000,001	2	1
9,000,001	1	1
10,000,001	4	1
16,000,001	4	0
18,000,001	2	0
30,000,001	2	0
	<b>214</b>	<b>213</b>

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



- (iii) Emoluments of directors

	2019	2018
	N000	N000
Fees	697	1,294
Passage allowance	37,475	57,076
Other emoluments	54,668	15,813
	<b>92,840</b>	<b>74,183</b>

- (iv) The Chairman's emoluments 8,541 12,857

- (v) Emolument of the highest paid director 54,668 15,813

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

	N	2019	2018
		Number	Number
14,000,001	-	16,000,000	-
18,000,001	-	60,000,000	1
		<b>1</b>	<b>1</b>

### Key management compensation

Key management have been defined as the executive directors.

Key management compensation includes:

	2019	2018
	N000	N000
Short-term employee benefits:		
- Wages and salaries	54,668	15,813
- Directors emoluments	8,023	8,023
Post employment benefits:		
- Defined contribution plan	1,581	1,581
	<b>64,272</b>	<b>25,417</b>

The above amounts have been included in directors emoluments.



## Notes to the Financial Statements cont'd

For the year ended 31 December 2018



### 9. Finance income

	2019	2018
	N000	N000
Interest income on short-term bank deposits	421,249	323,951
Interest income on finance lease assets	2,998	3,298
Rental income	2,249	-
	426,496	327,249

### 10. Finance Cost

	2019	2018
	N000	N000
Interest cost	-	4,019
Amortised cost	-	2,369
Interest element on loan	-	8,230
Interest element on lease liability (Note 26)	869	-
	869	14,618

### 11. Taxation

	2019	2018
	N000	N000
<i>Current tax</i>		
Nigeria corporation tax charge for the year	713,380	747,194
Education tax	52,437	53,647
NPF Trust levy	127	-
Income tax expense	765,944	800,841

Nigeria corporation tax is calculated at 30% (2018: 30%) of the estimated assessable profit for the year.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2018



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

	2019	2018
	N000	N000
Accounting Profit before tax	2,545,735	2,597,832
Tax at the Nigeria corporation tax rate of 30% (2019: 30%)	763,721	779,350
Impact of disallowable expenses	29,337	43,322
Education tax at 2% of assessable profit	52,848	53,647
Prior year over provision	-	(271,196)
Tax exempt income	(39,566)	(34,082)
NPF Trust levy	127	-
Tax incentives	(2,820)	(2,552)
	803,647	568,489
Effective tax rate	32%	22%

### Income tax recognised in profit or loss

Tax at the Nigeria corporation tax rate of 30% (2018: 30%)	713,380	747,194
Education tax	52,437	53,647
Prior Year Under Provision	-	(271,196)
NPF Trust levy	127	-
Deferred tax charged/ writeback for the year	37,703	38,844
Tax charge for the year	803,647	568,489

	2019	2018
	N000	N000

### Per statement of profit or loss

Income tax	713,380	747,194
Education tax	52,437	53,647
FIRS credit	-	(271,196)
NPF Trust levy	127	-
Deferred taxation (Note 23)	37,703	38,844
	803,647	568,489

## Notes to the Financial Statements cont'd

For the year ended 31 December 2018



	2019	2018
	N000	N000
<b>Per statement of financial position:</b>		
Balance 1 January	800,841	652,175
<b>(Payments)/writeback during the year:</b>		
Income tax	(747,193)	(273,654)
Education tax	(53,648)	(45,335)
Under provision	-	-
Capital gains tax	-	(92)
<b>Total cash payment</b>	<b>(800,841)</b>	<b>(319,081)</b>
WHT Utilised	-	(61,898)
Prior CIT over provision	-	(271,196)
	<b>(800,841)</b>	<b>(652,175)</b>
<b>Provision for the year:</b>		
Income tax	713,380	747,194
Education tax	52,437	-53,647
NPF Trust levy	127	-
	<b>765,944</b>	<b>800,841</b>
<b>Balance as at 31 December</b>	<b>765,944</b>	<b>800,841</b>

## Notes to the Financial Statements cont'd

For the year ended 31 December 2018



### 12. Dividend payable

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

	2019	2018
	N000	N000
At 1 January	1,013,328	809,598
*Approved dividend	2,029,343	1,435,000
Unpaid dividend	389,044	-
***Dividend refunded	206,438	206,683
**Dividend re-imbursement	(107,206)	-
Payments during the year	(2,030,227)	(1,437,953)
At 31 December	1,500,720	1,013,328

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

\*\*Dividend re-imbursement relates to unclaimed dividend earlier refunded by the Registrars and later reimbursed upon the shareholders request.

### 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)	1,742,088	2,029,343
Basic earnings per share (kobo)	249	290
<b>(b) Diluted</b>	<b>249</b>	<b>290</b>

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

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 14. Property, plant and equipment

Cost	Leasehold Land	Buildings on leasehold land	Tinting equipment	Plant and Machinery	Furniture and fittings	Motor vehicles	WIP	Total
	N000	N000	N000	N000	N000	N000	N000	N000
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	23,841	14,491	79,358	-	133,982
Disposals	-	-	(41376)	(1676)	(2202)	-	-	(45254)
Reclassification	-	-	-	45,776	-	(45,776)	-	-
At 31 December 2018	11,472	54,688	135,823	811,802	148,110	217,901	5,000	1,384,796
At 1 January 2019	11,472	54,688	135,823	811,802	148,110	217,901	5,000	1,384,796
Additions	-	15,183	89,802	4,201	39,121	120,935	1,714	270,956
Disposals	-	-	-	-	(36)	(2,850)	-	(2,886)
Reclassifications	-	0	(2,054)	2,051	-	-	-	(3)
At 31 December 2019	11,472	69,871	223,571	818,054	187,195	335,986	6,714	1,652,860
<b>Accumulated depreciation</b>								
At 1 January 2018	-	19,734	138,995	248,831	110,461	86,984	-	605,005
Charge for the year	-	1,765	12,480	44,893	14,679	20,919	-	94,736
Disposals	-	-	(41,307)	(1,665)	(1,939)	-	-	(44,911)
At 31 December 2018	-	21,499	110,168	292,059	123,201	107,903	-	654,830
At 1 January 2019	-	21,499	110,168	292,060	123,201	107,903	-	654,830
Charge for the year	-	1,818	31,336	45,377	14,638	37,791	-	130,960
Reclassifications	-	-	(939)	937	-	-	-	(1)
Disposals	-	-	-	-	(36)	(2,565)	-	(2,601)
At 31 December 2019	-	23,317	140,565	338,375	137,803	143,129	-	783,188
<b>Net book values</b>								
At 31 December 2019	11,472	46,554	83,006	479,679	49,392	192,857	6,714	869,674
At 31 December 2018	11,472	33,189	25,655	519,743	24,909	109,998	5,000	729,962

Leasehold properties have an unexpired tenure of 40 years

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

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 15. Intangible assets

	2019 N000	2018 N000
<b>Cost of software:</b>		
At 1 January	25,814	116,271
Additions	-	-
<b>Balance at 31 December</b>	<b>25,814</b>	<b>116,271</b>
<b>Amortization of software</b>		
At 1 January	-	67,202
Amortization of software during the year	18,273	23,255
<b>Balance at 31 December</b>	<b>18,273</b>	<b>90,457</b>
<b>Net Balance at 31 December 2019</b>	<b>7,541</b>	<b>25,814</b>
<b>Net Balance at 31 December 2018</b>	<b>-</b>	<b>25,814</b>

### 16. Right of Use assets

	2019 N000	2018 N000
At 1 January	-	-
Impact of IFRS 16	6,205	-
Charge for the year	(138)	-
	<b>6,067</b>	<b>-</b>

The company has lease a arrangement with wemabod on land where the company is situated.

### 17. Inventories

	Value at	2019 N000	2018 N000
Raw materials	Cost	295,428	295,194
Intermediates	Cost	13,254	14,330
Technical stocks and spares	Cost	29,957	31,520
Containers and labels	Cost	54,224	43,777
Consumable stocks	Cost	33,970	27,654
Finished goods	Cost	623,270	471,641
		<b>1,050,103</b>	<b>884,115</b>

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 18a. Trade and other receivables

	2019	2018
	N000	N000
Receivables due within one year		
Trade receivables	290,099	123,393
Less: provision for impairment of trade receivables	(28,788)	(34,419)
Net trade receivable	261,311	88,974
Receivables from related parties (Note 27)	15,504	14,245
Impairment on receivables from related parties	(6,253)	(6,253)
Withholding tax receivable	24,510	20,689
Net cash flow from investing activities	(18,308)	(14,080)
Withholding tax credit notes received	25,702	17,575
Other receivables	90,242	73,870
Impairment on other receivables	(21,130)	(22,649)
Advances to staff	118	118
	371,696	172,488

Trade receivables are non-interest bearing and are generally on terms of 30-90days

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

	2019	2018
	N000	N000
At 1 January	34,419	19,643
Adjustment upon application of IFRS 9	-	6,260
<b>Balance as at January 2018 restated</b>	34,419	25,903
Additional impairment charge for the year	(5,631)	14,776
Receivables written off during the year	-	(6,260)
At 31 December	28,788	34,419

### 18b. Receivables due after one year, finance lease receivables

	2019	2018
	N000	N000
Gross investment in lease	91,601	91,601
Unearned finance income	(81,226)	(81,224)
Net investment in lease	10,375	10,377

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### Gross investment in lease

	2019	2018
	N000	N000
Gross finance lease receivable - minimum lease receivable		
- No later than 1 year	2,198	2,200
- 2 to 5 years	11,000	11,000
- More than 5 years	78,401	78,401
	91,599	91,601

Future finance income on lease	(81,224)	(81,224)
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Present value of finance lease receivable	10,375	10,377
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The present value is analysed as follows:

- No later than 1 year	1,606	1,606
- 2 to 5 years	4,304	4,306
- More than 5 years	4,464	4,464
	10,375	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	2018
	N000	N000
Import prepayment	5,653	13,539
Other prepayments	59,665	61,648
Packaging Material	26,043	49,083
Insurance	31,134	24,001
	122,495	148,270

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 20. Cash and cash equivalents

	2019	2018
	N000	N000
Cash at bank and in hand	138,273	196,933
Short-term deposits	4,175,924	4,142,361
Total	4,314,197	4,339,294
Restricted cash	8,790	-
Total	4,322,987	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.

### 21. Trade and other payables

	2019	2018
	N000	N000
Trade payables	218,713	344,147
Royalty accrual	158,439	139,827
	<b>377,152</b>	<b>483,974</b>
Provision for employee leave	77	1,515
VAT payable	147,458	168,790
Withholding tax payable	25,214	17,102
Income received in advance	72,202	203,223
Accrued marketing expenses	116,727	17,260
Payable to related parties	55,248	38,074
Accrued dealer's reward	23,585	15,186
Accrued audit fee	20,948	20,948
Sundry creditors	59,437	52,724
Import payable	221,597	-
Reclassification of dividend payable	-	389,043
Downpayment	420,000	-
Other accruals	261,907	151,177
	<b>1,801,552</b>	<b>1,559,016</b>
	<b>2019</b>	<b>2018</b>
Average credit period taken for trade purchases (days)	30	30

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

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 22. Share capital

	2019		2018	
	Number '000	Amount N000	Number '000	Amount N000
<b>Authorised:</b>				
Ordinary shares of 50k each	840,000	420,000	840,000	420,000
<b>Issued and fully paid:</b>				
Ordinary shares of 50k each	700,000	350,000	700,000	350,000

Movements during the year:

	Number of shares N '000	Ordinary shares N'000
Balance at 1 January 2018	<b>560,000</b>	<b>280,000</b>
Bonus issue	140,000	70,000
At 31 December 2018	700,000	350,000
At 31 December 2019	700,000	350,000
<b>Share premium</b>	N'000	N'000
	2019	2018
Balance at 1 January	<b>19,254</b>	<b>19,254</b>
At 31 December	<b>19,254</b>	<b>19,254</b>

#### 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 cont'd

For the year ended 31 December 2019



### 23. Deferred tax

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

Statement of financial position:	2019 N000	2018 N000
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	127,053	100,049
	<b>127,053</b>	<b>100,049</b>
Accelerated depreciation property, plant & equipment	188,024	156,905
Trade and other receivables	(17,975)	(24,768)
Inventories	(5,293)	(5,083)
	<b>164,756</b>	<b>127,053</b>

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

	2019 N000	2018 N000
At 1 January	127,053	100,049
Adjustment upon adoption of new standards	-	(11,840)
At 1 January (restated)	127,053	88,209
Profit or loss charge (Note 11)	37,703	38,844
At 31 December	<b>164,756</b>	<b>127,053</b>

### 24. Return Asset

	2019	2018
Right of return assets	23	926
	<b>23</b>	<b>926</b>

### 25. Refund Liability

	2019	2018
At 1 January	2,070	-
Reversal during the year	(1,968)	2,070
At 31 December	<b>102</b>	<b>2,070</b>

This will be recognised in the following year.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 26. Lease Liability

	2019	2018
Opening balance	6,205	-
Interest @ 14%	869	-
Lease payment during the year	(871)	-
Balance as at 31st December	<b>6,203</b>	<b>-</b>
<b>Splitting into Current and Non-Current</b>		
Current	869	-
Non-Current	5,334	-
	<b>6,203</b>	<b>-</b>

### 27. 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 N000	2018 N000	
	UAC of Nigeria Plc	Parent	Service	95	721
	UAC Foods Limited	Fellow subsidiary	Sales of paint	1,557	818
	UACN Property Dev. Company Plc	Fellow subsidiary	Sales of paint	7,158	30,564
	UAC Restaurants	Fellow subsidiary	Sales of paint	1,695	687
				<b>10,505</b>	<b>32,790</b>

### (b) Purchases of goods and services

	2019 N000	2018 N000
UAC of Nigeria Plc: Commercial service fee (Note 7)	<b>88,312</b>	<b>81,534</b>

### (c) Key management compensation

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

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



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

	Relationship		2019 N000	2018 N000
<b>Receivables:</b>				
UAC Foods Limited	Fellow subsidiary	Sales of paint	519	989
UACN Property Dev. Company Plc	Fellow subsidiary	Sales of paint	2,062	10,521
UAC Restaurants	Fellow subsidiary	Sales of paint	205	-
Portland Paint Products Nig. PLC	Fellow subsidiary	Service	12,718	2,735
			<b>15,504</b>	<b>14,245</b>

	Relationship		2019 N000	2018 N000
<b>Payable:</b>				
UAC of Nigeria Plc	Parent	Service	55,248	38,074

	Relationship		2019 N000	2018 N000
<b>Finance lease receivable:</b>				
MDS Logistics	Fellow subsidiary		10,375	10,377

### 28. Capital commitments and contingent liabilities

#### Capital commitments

	2019 N000	2018 N000
Capital expenditure authorised & contracted	23,008	133,963

#### Contingent liabilities

#### 31 December 2019 and 2018

The company is involved in some legal actions in the ordinary course of business. Based on advice from the company's counsel, the directors are of the opinion that the company has good defence against the claims and no material loss is anticipated.

## Notes to the Financial Statements cont'd

For the year ended 31 December 2019



### 29. Technical support agreements

- The company has a royalty agreement with AkzoNobel United Kingdom in respect of paints produced and sold. Amount charged for the year (representing 3% of turnover of Dulux Brand) is N158.450million (2018: N139.827million)
- The Company has commercial services agreement with UACN Plc for support services. Expense for commercial services fee (representing 1% of turnover of the company) is N88.31million (2018: N81.53million).

	2019 N000	2018 N000
30. Government grant	-	1,484

### 31. Events after reporting date

On 30th of January 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of coronavirus (COVID-19). Since 11 March 2020, the WHO has characterized the spread of the corona virus as a pandemic.

The continue spread of the coronavirus will most likely impact the global economy and Chemical and Allied Products Plc (the Company)'s financial position and results. More specifically, the impact is expected on instruments measured at fair value and on expected credit losses.

The Company is closely monitoring any financial impact attributable to COVID-19 on its business operations. Given the uncertainties and ongoing business developments, the Company cannot accurately and reliably estimate the qualitative impact of the outbreak on its business.

## Value Added Statement

For the year ended 31 December 2019



	2019 N000	%	2018 N000	%
Revenue	8,410,650		7,670,315	
Other income	523,562		376,940	
<b>Bought in materials and services</b>				
Local	(3,990,933)		(3,361,383)	
Imported	(1,285,529)		(1,243,943)	
<b>Value added</b>	<b>3,657,750</b>	<b>100</b>	<b>3,710,653</b>	<b>100</b>

### Applied as follows:

To pay employees as salaries, wages and other benefits	962,782	26	<b>723,634</b>	21
To pay government as taxes	765,944	21	<b>800,841</b>	15
Retained for replacement of assets and business growth:				
Deferred taxation	37,703	1	<b>38,844</b>	1
Amortization of intangibles and depreciation	149,233	4	117,991	3
Profit attributable to members	1,742,088	48	2,029,343	59
	<b>3,657,750</b>	<b>100</b>	<b>3,710,653</b>	<b>100</b>

Value added represents the additional wealth which the company has been able to create by its own and its employees efforts. This statement shows the allocation of that wealth to employees, government, providers of capital and the amount retained for the future creations of more wealth.

## Company Five-year Financial Summary

For the year ended 31 December 2019



### Assets employed

Property, plant and equipment	869,674	729,962	691,059	595,565	410,324
Right of use asset	6,067	-	-	-	-
Intangible assets	7,541	25,814	49,068	57,347	74,708
Finance lease assets	10,375	10,377	10,379	10,381	10,382
Net current assets	1,798,117	2,169,839	1,591,763	1,757,277	1,080,048

Lease liability	(5,334)	-	-	-	-
Deferred taxation	(164,756)	(127,053)	(100,049)	(137,080)	(55,329)

### Funds employed

Share capital	350,000	350,000	350,000	350,000	350,000
Share premium	19,254	19,254	19,254	19,254	19,254
Retained earnings	2,152,430	2,439,685	1,872,966	1,914,236	1,150,879
	<b>2,521,684</b>	<b>2,808,939</b>	<b>2,242,220</b>	<b>2,283,490</b>	<b>1,520,133</b>

### Turnover and profits

Turnover	8,410,650	7,670,315	7,113,950	6,813,984	7,056,876
Profit before taxation	2,545,735	2,597,832	2,181,711	2,296,821	2,570,021
Taxation	(803,647)	(568,489)	(682,981)	(693,464)	(830,462)
Profit for the year attributable	1,742,088	2,029,343	1,498,730	1,603,357	1,739,559
Interim dividend	-	-	-	-	(805,000)
Profit retained	<b>1,742,088</b>	<b>2,029,343</b>	<b>1,498,730</b>	<b>1,603,357</b>	<b>934,559</b>

### Per 50k share data (kobo)

Earnings per share- Basic	249	290	214	229	249
Earnings per share- Adjusted	249	290	214	229	249
Dividend per share- Basic	-	290	205	220	235

### Notes

Earnings and dividend per share are based on profit after tax and on the number of ordinary shares issued and fully paid at the end of each year.

## Shareholders' Information



According to the Register of Members, UAC of Nigeria Plc held 5% and above of the issued share capital of Chemical and Allied Products Plc as at 31 December 2019.

### Register Range Analysis

Range	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1 - 999	4,395	28.01	4,395	1,564,080	0.22	1,564,080
1,000 - 9,999	8,820	56.22	13,215	28,794,948	4.11	30,359,028
10,000 - 99,999	2,114	13.47	15,329	57,257,410	8.18	87,616,438
100,000 - 999,999	308	1.96	15,687	83,316,285	11.90	170,932,723
1,000,000 - 9,999,999	48	0.31	15,685	109,837,479	15.69	280,770,202
10,000,000 - 99,999,999	3	0.02	15,688	58,802,737	8.41	339,572,939
100,000,000 - 999,999,999	1	0.01	15,689	360,427,061	51.49	700,000,000
<b>Grand Total</b>	<b>15,689</b>	<b>100</b>		<b>700,000,000</b>	<b>100.00</b>	

### Share capital history

	Authorized Share Capital N000	Issued Shared Capital N000	Number of shares N000	
1991	25,000	N'000	28,000	
1992	25,000	14,000	28,000	
1993	50,000	14,000	66,704	Right Issue 3:2
1994	50,000	33,352	83,942	Bonus Issue 1:5
1995	50,000	4,971	84,000	
1996	100,000	42,000	105,000	
1997	100,000	52,000	105,000	
1998	100,000	52,000	105,000	
1999	100,000	52,000	126,000	Scrip Issue 1:5
2000	100,000	63,000	126,000	
2001	100,000	63,000	126,000	
2002	100,000	63,000	168,000	Bonus Issue 1:3
2003	150,000	63,000	168,000	
2004	150,000	84,000	210,000	Bonus 1:4
2010	150,000	84,000	210,000	Bonus 1:3
2011	420,000	105,000	560,000	Bonus 1:1
2012	420,000	280,000	560,000	
2013	420,000	280,000	700,000	Bonus 1:4
2014	420,000	350,000	700,000	
2015	420,000	350,000	700,000	
2016	420,000	350,000	700,000	
2017	1,500,000	350,000	700,000	
2018	1,500,000	350,000	700,000	
2019	1,500,000	350,000	700,000	

## Shareholders' Information cont'd



### Five year dividend history

Dividends declared during the last five years were as follows:-

Dividend Year	Date Declared	Total Amount	Dividend per share	% of Company Profit after tax
2014	June 18, 2015	1,645,000	235k	98
2015	June 16, 2016	1,645,000	235k	94
2016	June 13, 2017	1,540,000	220k	96
2017	June 19, 2018	1,435,000	205k	96
2018	June 20, 2019	2,030,000	290k	100

### Notice to shareholders

### Unclaimed dividends and share certificates

Since becoming a public company, Chemical and Allied Products Plc has declared and issued a number of scrip shares. Total amount of unclaimed dividends as at December 31, 2019 was N287,692,714.13. The total number of unclaimed certificates as at December 31, 2019 was nil.

Shareholders who are yet to claim their outstanding dividends are hereby advised to complete the e-dividend registration form by downloading the Registrar's E-Dividend Mandate Activation Form, which is available at [http://sec.gov.ng/wp-content/uploads/2016/04/Afric-Prudential-EDMMS-Form\\_2018.pdf](http://sec.gov.ng/wp-content/uploads/2016/04/Afric-Prudential-EDMMS-Form_2018.pdf), and submit to the Registrars at Africa Prudential Plc, 220b Ikorodu road, Palmgrove Lagos or their respective Banks for the purpose of claiming their outstanding dividends

This notice is to request all affected shareholders to contact the Head, Relationship Management of Africa Prudential Plc at 220B Ikorodu Road, Palmgrove, Lagos.

Tel +234-70023747783

Website: [www.africaprudential.com](http://www.africaprudential.com)

# Proxy Form



Annual General Meeting of Chemical and Allied Products Plc to be held on June 19, 2020 at No 2 Adeniyi Jones Avenue, Ikeja, Lagos at 10.00am.

Chemical and Allied Products Plc  
RC4551

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS AND IS TO BE USED AT THE ANNUAL GENERAL MEETING TO BE HELD ON JUNE 19, 2020

I/We.....

ORDINARY BUSINESS	FOR	AGAINST	ABSTAIN
1 To lay before the members the Audited Financial Statements for the year ended December 31, 2019 and the Report of Directors, Auditors and Audit Committee thereon.			
2 To approve the appointment of the following Directors: 2.1 Mrs. Awuneba Ajumogobia 2.2 Mr. David Wright 2.3 Mrs. Udo Okonjo			
3 To re-elect the following Directors retiring by rotation: 3.1 Mrs. Bolarin Okunowo 3.2 Mrs. Muhibat Abbas			
4 To authorise the Directors to fix the remuneration of the Auditors.			
5 To elect members of the Statutory Audit Committee			

## (Name of Shareholder(s) in block letters)

Being a member/members of CHEMICAL AND ALLIED PRODUCTS PLC, hereby appoint Mrs. Awuneba Ajumogobia or failing her, Mr. David Wright or failing him, Ms. Ayomipo Wey as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on June 19, 2020 at 10am and at any adjournment thereof. Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit

Dated this.....day of.....2020

Shareholder's Signature .....

Please indicate, by marking 'X' in the appropriate space, how you wish your votes to be cast on the resolutions set out above.

## NOTE

Please sign this form and deliver or post it to reach the Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos or via email at cxc@africaprudential.com not later than 48 hours before the meeting and ensure that the proxy form is filled, dated and signed.

If the Shareholder is a Corporation, this form must be under its common seal or under the hand of a duly authorised officer or attorney.

In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.

Provision has been made on this form for Mrs. Awuneba Ajumogobia or Mr. David Wright or Ms. Ayomipo Wey to act as your proxy, who will attend the meeting and vote on your behalf at the meeting.

Before posting the above form, please tear off this part and retain for admission at the meeting.

## ADMISSION CARD

CHEMICAL AND ALLIED  
PRODUCTS PLC (RC4551)  
ANNUAL GENERAL MEETING

Please admit the Shareholder named on this Admission Form or his or her duly appointed proxy to the Annual General Meeting of the Company to be held on June 19, 2020 at 10am at No 2 Adeniyi Jones Avenue, Ikeja, Lagos.

-----  
Name of Shareholder

This admission card must be produced by the Shareholder in order to gain entrance into the Annual General Meeting

-----  
Address of Shareholder

-----  
Number of Shares held

-----  
Signature of Shareholder

Ayomipo Wey  
Company Secretary  
2, Adeniyi Jones, Ikeja Lagos

PLEASE AFFIX  
POSTAGE STAMP

## THE REGISTRAR

Africa Prudential Plc  
220B Ikorodu Road  
Palm Grove  
Lagos  
Tel: 070023747783

If undelivered please return to

## THE REGISTRAR

Africa Prudential Plc  
220B Ikorodu Road  
Palm Grove  
Lagos  
Tel: 070023747783



## e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

\* = Compulsory fields

1. \*SURNAME/COMPANY NAME:

2. \*FIRST NAME:

3. OTHER NAME:

4. \*E-MAIL:

5. ALTERNATE E-MAIL:

6. \*MOBILE NO.: 1.  2.

7. SEX: MALE ☐ FEMALE ☐

8. \*DATE OF BIRTH

9. \*POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.:

11. NAME OF STOCKBROKER:

### DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Company Seal (if applicable)

Please tick against the company(ies) where you have shareholdings

#### CLIENTELE

1. ABBEY MORTGAGE BANK PLC
2. ADAMAWA STATE GOVERNMENT BOND
3. AFRILAND PROPERTIES PLC
4. AFRICA PRUDENTIAL PLC
5. A & G INSURANCE PLC
6. ALUMACO PLC
7. A.R.M LIFE PLC
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
12. CAPP AND D'ALBERTO PLC
13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. CWG PLC
17. CORDROS MONEY MARKET FUND
18. EBONYI STATE GOVERNMENT BOND
19. GOLDEN CAPITAL PLC
20. INFINITY TRUST MORTGAGE BANK PLC
21. INVESTMENT & ALLIED ASSURANCE PLC
22. JAZZ BANK PLC
23. KADUNA STATE GOVERNMENT BOND
24. LAGOS BUILDING INVESTMENT CO. PLC
25. GLOBAL SPECTRUM ENERGY SERVICES PLC
26. MED-VIEW AIRLINE PLC
27. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc)
28. NEXANS KABLEMETAL NIG. PLC
29. OMOLUABI MORTGAGE BANK PLC
30. PERSONAL TRUST & SAVINGS LTD
31. P.S MANDRIDES PLC
32. PORTLAND PAINTS & PRODUCTS NIG. PLC
33. PREMIER BREWERIES PLC
34. RESORT SAVINGS & LOANS PLC
35. ROADS NIGERIA PLC
36. SCOA NIGERIA PLC
37. TRANSCORP HOTELS PLC
38. TRANSCORP PLC
39. TOWER BOND
40. THE LA CASERA CORPORATE BOND
41. UACN PLC
42. UNITED BANK FOR AFRICA PLC
43. UNITED CAPITAL PLC
44. UNITED CAPITAL BALANCED FUND
45. UNITED CAPITAL BOND FUND
46. UNITED CAPITAL EQUITY FUND
47. UNITED CAPITAL MONEY MARKET FUND
48. UNITED CAPITAL NIGERIAN EURO BOND FUND
49. UNITED CAPITAL WEALTH FOR WOMEN FUND
50. UNIC DIVERSIFIED HOLDINGS PLC
51. UNIC INSURANCE PLC
52. UAC PROPERTY DEVELOPMENT COMPANY PLC
53. UTC NIGERIA PLC
54. VFD GROUP PLC
55. WEST AFRICAN GLASS IND PLC

OTHERS:

## E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | \* = COMPULSORY FIELDS

1. \*SURNAME/COMPANY NAME

2. \*FIRST NAME  3. OTHER NAME

4. \*GENDER ☐ M ☐ F 5. E-MAIL

6. ALTERNATE E-MAIL

7. \*DATE OF BIRTH

8. \*MOBILE (1)  (2)

9. \*ADDRESS

10. OLD ADDRESS (if any)

11. \*NATIONALITY  12. \*OCCUPATION

13. \*NEXT OF KIN NAME  MOBILE

14. \*MOTHER'S MAIDEN NAME

15. BANK NAME  16. A/C NO.

17. A/C NAME  18. A/C OPENING DATE

19. BANK VERIFICATION NO. (BVN)  20. NAME OF STOCKBROKING FIRM

21. CSCS CLEARING HOUSE NO. (CHN)

### DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Company Seal (if applicable)

Please tick against the company(ies) where you have shareholdings

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55. WEST AFRICAN GLASS IND PLC

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.

ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.

PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.

TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@aficaprudential.com | www.aficaprudential.com | @afriprud



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Note

Note