FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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Chemical and Allied Products Plc
Unaudited Financial Statements
For the period ended 30 September 2020

Financial highlights

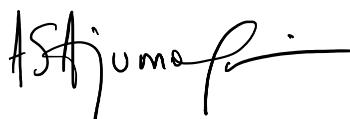
	9 Months to September 2020 N'000	9 Months to September 2019 N'000	% change
Revenue	5,989,190	5,777,431	4
Operating profit	1,170,075	1,479,913	(21)
Finance income	194,335	327,015	(41)
Profit before taxation	1,363,976	1,806,494	(24)
Taxation	(436,473)	(578,078)	24
Profit for the year	927,503	1,228,416	(24)
Total equity and liabilities	7,818,577	6,760,961	16
Additions to property, plant & equipment (PPE)	69,029	112,936	(39)
Depreciation on PPE	106,807	91,386	(17)
Cash and cash equivalents	4,972,270	4,322,987	15
Earnings per share (kobo) - Basic and diluted	133	175	(24)
Net asset per share (kobo) - Basic	493	473	4

Chemical and Allied Products Plc
Unaudited Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 September 2020

	Notes	9 Months to Sept. 2020 N'000	3 Months to Sept. 2020 N'000	9 Months to Sept. 2019 N'000	3 Months to Sept. 2019 N'000
Revenue	5	5,989,190	2,500,824	5,777,431	1,870,601
Cost of sales	7i	(3,297,955)	(1,468,150)	(3,029,539)	(981,832)
Gross profit		2,691,235	1,032,674	2,747,892	888,769
Selling and Marketing expenses	7iiI	(389,996)	(206,210)	(364,084)	(100,526)
Administrative expenses	7ii	(1,198,029)	(444,988)	(977,070)	(385,185)
Other income	6	66,865	23,026	73,175	37,277
Operating profit		1,170,075	404,502	1,479,913	440,335
Finance income	9	194,335	66,345	327,015	89,623
Finance cost	10	(434)	-	(434)	-
Net Finance income		193,901	66,345	326,581	89,623
Profit before taxation		1,363,976	470,847	1,806,494	529,958
Income tax expense	11	(436,473)	(150,671)	(578,078)	(169,586)
Profit for the year		927,503	320,176	1,228,416	360,372
Other comprehensive income for the year net of tax		-		-	
Total comprehensive income for the year		927,503	320,176	1,228,416	360,372
Earnings per share for profit attributable to the equity holders of the company:					
Basic and diluted EPS (kobo)	13	133	46	175	51

Chemical and Allied Products Plc
Unaudited Statement of Financial Position
For the period ended 30 September 2020

	Notes	2020 N'000	2019 N'000
Assets			
Non-current assets			
Property, plant and equipment	14	831,798	869,674
Right of use asset	16	5,998	6,067
Intangible assets	15	5,042	7,541
Finance lease receivable	18b	10,375	10,375
		853,213	893,657
Current assets			
Inventories	17	1,107,003	1,050,103
Return asset	24	85	23
Trade and other receivables	18a	625,196	371,696
Prepayments	19	260,810	122,495
Cash and cash equivalents	20	4,972,270	4,322,987
		6,965,364	5,867,304
Total assets		**7,818,577**	**6,760,961**
Liabilities			
Non-current liabilities			
Lease Liability	26	5,768	5,334
Deferred taxation liabilities	23	164,756	164,756
		170,524	170,090
Current liabilities			
Trade and other payables	21	1,752,232	1,801,552
Refund liability	25	142	102
Lease liability	26	869	869
Current income tax liabilities	11	436,600	765,944
Dividend payable	12	1,748,509	1,500,720
Bank Facility (IFF)		260,514	-
		4,198,866	4,069,186
Total liabilities		**4,369,390**	**4,239,277**
Ordinary share capital	21	350,000	350,000
Share premium	21	19,254	19,254
Retained earnings		3,079,933	2,152,430
Total equity		**3,449,187**	**2,521,684**
Total equity and liabilities		**7,818,577**	**6,760,961**



Mrs. Awuneba Ajumogobia	**Mr. David Wright**	**Mr. Abiola Odeyemi**
Chairman	Managing Director	Finance Manager
FRC/2020/003/00000020872	FRC/2020/003/00000020768	FRC/2016/ICAN/00000013925

The financial statements has been approved and authorised for issue by the board of directors on October 19th, 2020

The notes on pages 8 to 37 are an integral part of these financial statements. -

Chemical and Allied Products Plc
Unaudited Statement of Changes in Equity
For the period ended 30 September 2020

Statement of Changes in Equity

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total Equity N'000
At 1 January 2019	**350,000**	**19,254**	**2,439,685**	**2,808,939**
Profit for the year	-	-	1,742,088	1,742,088
Other comprehensive income			-	-
Total comprehensive income:	-	-	4,181,773	4,551,027
Transaction with owners:				
Dividend paid and proposed	-	-	(2,029,343)	(2,029,343)
Balance at 31 December 2019	**350,000**	**19,254**	**2,152,430**	**2,521,684**
Balance at 1 January 2020	350,000	19,254	2,152,430	2,521,684
Profit for the year	-	-	927,503	927,503
Total comprehensive income:	-	-	3,079,933	3,449,187
Transactions with owners:				
Dividend paid and proposed	-	-		-
Balance at 30 September 2020	**350,000**	**19,254**	**3,079,933**	**3,449,187**

Chemical and Allied Products Plc
Unaudited Statement of Cash Flow
For the period ended 30 September 2020

	Notes	2020 N'000	2019 N'000
Profit before taxation		1,363,976	1,806,494
Adjustments for:			
Depreciation	14	106,876	91,386
Amortisation	15	2,499	17,441
Profit on sale of PPE	6	(1,124)	(1)
Finance costs		434	434
Finance income		(194,335)	(327,015)
Impairment and write off on trade receivable		15,574	3,658
(Writeback)/Impairment on intercompany receivable		(621)	(2,020)
Impairment of short term deposit		13,256	(17,177)
Net foreign exchange (gains)/loss		(3,072)	1,456
Cash from operations before working capital changes		**1,303,463**	**1,574,656**
(Increase) in inventory	17	(56,900)	(502,952)
(Increase) in trade and other receivables	18a	(268,453)	(298,603)
Increase in trade payables	21	211,194	216,361
(Increase) in prepayment	19	(138,315)	(13,258)
(Increase)/Decrease in return asset		(62)	733
(Increase) in refund liability		(94)	(1,496)
Cash generated from operations		**1,050,833**	**975,441**
Income taxes paid	11	(765,817)	(551,784)
Net cash from operating activities		**285,016**	**423,657**
Cash flows from investing activities			
Purchase of PPE	14	(69,029)	(188,134)
Proceeds from disposal of PPE		1,356	2
Interest received	9	194,335	327,015
Net cash flow from investing activities		**126,662**	**138,883**
Cash flows from financing activities			
Dividends paid	12	-	(2,030,227)
Dividend refunded	12	247,789	-
Dividends re-imbursement	12	-	(107,206)
Net cash flow used in financing activities		**247,789**	**(2,137,433)**
Net (decrease)/ increase in cash and cash equivalents		**659,467**	**(1,574,893)**
Net foreign exchange (gain)/loss		(3,072)	1,456
Cash and cash equivalents at beginning of period	**20**	4,322,987	**4,339,294**
Impact of ECL on cash & cash equivalent		(13,256)	17,177
Cash and cash equivalents at end of period	**20**	**4,972,270**	**2,780,122**
		-	

The notes on pages 8 to 37 are an integral part of these financial statements.

1. General information

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

2.1.1 Going Concern

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

2.1.2 New and Amended standards and interpretation

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

Net cash flow used in financing activities

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

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.

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.

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.

2.2 Segment reporting

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

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Foreign currency policy

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

2.4 Property, plant and equipment

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

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

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

Building on leasehold land	Shorter of useful life and lease terms (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 Imparment of non-current assets

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount..

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

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.

Obective evidence that financial assets are impaired includes:

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

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.

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-intial recognition and subsequent measurement under IFRS 9

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

i) **Financial Assets**

Intial recognition and measurement

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

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

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

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

Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

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

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

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial

assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

• The rights to receive cash flows from the asset have expired Or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets

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

• Trade receivables Note 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).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

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

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

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

ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit or loss and other comprehensive income, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

iii) **Offsetting of financial instruments**

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

2.8.7 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.

2.12 Current and deferred income tax

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

2. Summary of significant accounting policies

2.12 Current and deferred income tax

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its tax liabilities on a net basis.

2.13 Employee benefits

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

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

ii) Voluntary contributions (Note 8): The company also contributes on an annual basis a fixed percentage of the employees salary to a fund managed by a fund administrator. The funds are invested on behalf of the employees and they will receive a payout based on the return of the fund upon retirement.
The contributions are recognised as employee benefit expenses when they are due. The company has no further payment obligation once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

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

2. Summary of significant accounting policies

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).

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 oustanding 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 componet**

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

Application of paint

The Company provides service of application of paints to its customers.Such services are recognised as a performance obligation satisfied over time. Revenue is recognised by measuring progress using the input method that is labour hours.

Using the practical expedient in IFRS 15 for the application of paint, the Company has elect to recognise revenue based on the amount invoiced to the customer since the Company has a right to consideration from its customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

Contract Balances

Trade Recievables

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

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration

Cost to obtain a contract

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

2.15 Leases

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

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

Finance lease

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

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Company as a lessor

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

2.16 Fair value measurement

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value
(c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable:
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.17 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

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 Trading in Securities Policy

CAP Plc (the Company) has a Securities Trading Policy regulating securities transactions by its directors and other insiders. The Company's Securities Trading Policy complies with the standard set out by the Rules of the Nigerian Stock Exchange are no less stringent than the said standard. The Company's Securities Trading Policy is to generally ensure the board members, employees and its external stakeholders who have knowledge of confidential and potentially price sensitive information are aware of the prohibition imposed by law against using, disclosing (other than in the normal course of the performance of their duties) or encouraging transactions in securities on the basis of such inside information.

In addition to obligations imposed by law, Chemical and Allied Products Plc wants board members, employees and external stakeholders to respect the safeguarding of confidential information and potentially price sensitive information. The Policy has been made available to all stakeholders and is also available on the Company's website. Having made specific enquiry of all directors, the Company confirms that all of its directors have complied with the standards set out in relevant laws as well as the Company's Securities Trading Policy.

3.0 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.

3.1 (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
The company's foreign exchange risk is as follows:

	2020	**2019**
Cash and short term deposits:	**N '000**	**N '000**
Naira	4,613,281	4,151,457
USD	339,527	146,074
GBP	19,462	41,763
Other currencies	-	-
Total cash and short term deposits	**4,972,270**	**4,339,294**

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:

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).

4.2 Significant judgements

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

5. Analysis by revenue

The 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.

	2020 N'000	2019 N'000
Operating profit	1,170,075	1,479,913
Depreciation (Note 14)	106,807	94,736
Interest income (Note 9)	194,335	327,249
Profit before taxation	1,363,976	1,806,494
Income tax (Note 11)	436,473	578,078
Total assets	7,818,577	6,760,961
Total liabilities	4,369,390	4,239,277

Entity wide information:	**2020**	**2019**
Analysis of revenue:	**N'000**	**N'000**
Sale of paint products	6,050,007	5,834,729
Distribution cost	(94,713)	(80,819)
Revenue from services	33,896	23,521
	5,989,190	5,777,431

6. Other income

	2020 N'000	2019 N'000
Sale of scrap items	13,611	11,245
Profit on sale of PPE	1,124	175
Management fees	46,188	44,578
Rental Income	2,249	-
Writeback of intercompany impairment	621	-
Impairment of short term deposits	-	17,177
Exchange gain/loss	3,072	-
	66,865	73,175

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

7. Expenses by nature

		2020 N'000	2019 N'000
7i	**Cost of sales**		
	Change in inventories of finished goods and work in progress	2,810,849	2,620,862
	Staff costs excluding directors' emoluments (Note 8i)	172,142	176,288
	Royalty fees	201,102	109,387
	Hire of equipment	20,841	23,915
	Capdec project cost	18,426	15,948
	Depreciation of property,plant & equipment (Note 14)	54,531	56,314
	General risk insurance premium	19,884	15,233
	Other expenses	180	11,591
		3,297,955	3,029,539

7ii	**Admininstrative expenses**		
	Staff costs excluding directors' emoluments	651,293	548,457
	Directors' emoluments (Note 8iii)	32,330	29,631
	Auditors' fees	15,767	16,496
	Depreciation of property,plant & equipment (Note 14)	52,344	35,072
	Amortisation of intangible assets (Note 15)	2,499	17,441
	Insurance	3,812	3,051
	Commercial service fees (Note 27b)	62,887	60,663
	Computer charges	19,445	25,623
	Cleaning and laundry	14,925	17,165
	Security	7,003	8,119
	Fuel and Oil Expenses	48,192	46,074
	Other Professional/Consutancy Expenses	60,376	13,128
	Postage,Printing and Telecoms	47,633	24,410
	Donations	23,151	300
	AGM/Secretariat Expenses	17,931	20,292
	Impairment on trade receivables	15,574	1,071
	Impairment of short term deposits	13,256	-
	Exchange Loss	-	1,456
	Other expenses	109,611	108,621
		1,198,029	977,070
7iii	**Selling and Marketing expenses**		
	Marketing, communication & entertainment	174,396	195,016
	Tour and travelling	34,871	31,798
	Other expenses	180,729	137,270
		389,996	364,084

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

8. Employee benefits

	2020	2019
Staff costs include:	**N'000**	**N'000**
Wages and salaries	755,356	661,252
Pension costs:		
- Defined contribution plans (Statutory)	37,620	35,596
- Defined contribution plans (Voluntary)	30,460	27,896
	823,436	724,744

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.

	2020	2019
	N'000	**N'000**
Costs		
Management	630,615	526,217
Staff	192,821	198,527
Total	823,436	724,744

	2020	2019
Numbers	**Number**	**Number**
Management	85	93
Staff	119	124
	204	217

8. Employee benefits (continued)

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

=N=		2020 Number	2019 Number
300,000	700,000	-	-
700,001	1,000,000	19	30
1,000,001	1,400,000	52	78
1,400,001	1,800,000	40	28
1,800,001	2,200,000	13	8
2,200,001	2,400,000	11	7
2,400,001	3,000,000	12	16
3,000,001	4,000,000	10	18
4,000,001	5,000,000	11	13
5,000,001	6,000,000	11	5
6,000,001	8,000,000	12	2
8,000,001	9,000,000	1	0
9,000,001	10,000,000	1	0
10,000,001	16,000,000	3	10
16,000,001	18,000,000	3	0
18,000,001	25,000,000	3	1
30,000,001	40,000,000	2	1
		204	217

(iii) Emoluments of directors

	2020 N'000	2019 N'000
Fees	881	881
Passage allowance	32,330	29,631
Other emoluments	61,059	42,205
	94,270	72,717

	2020 N'000	2019 N'000
(iv) The Chairman's emoluments	9,034	-
(v) Emolument of the highest paid director	61,059	42,205

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

=N=			2020 Number	2019 Number
14,000,001	-	16,000,000	-	1
18,000,001	-	60,000,000	1	-
			1	1

Key management compensation

Key management have been defined as the executive directors.

Key management compensation includes:	2020 N'000	2019 N'000
Short-term employee benefits:		
- Wages and salaries	57,150	30,072
- Directors emoluments	3,909	10,396
Post employment benefits:		
- Defined contribution plan	-	1,737
	61,059	42,205

The above amounts have been included in directors emoluments above.

9. Finance income

	2020 N'000	2019 N'000
Interest income on short-term bank deposits	194,335	327,015
	194,335	327,015

10. Finance Cost

	2020 N'000	2019 N'000
Lease interest expenses	434	434
	434	434

11. Taxation

	2020 N'000	2019 N'000
Current tax		
Nigeria corporation tax charge for the year	409,193	541,948
Education tax	27,280	36,130
Income tax expense	436,473	578,078

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

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

	2020 N'000	2019 N'000
Accounting Profit before tax	**1,363,976**	**1,806,494**
Tax at the Nigeria corporation tax rate of 30% (2019: 30%)	409,193	541,948
Impact of disallowable expenses		
Education tax at 2% of assesable profit	27,280	36,130
	436,473	**578,078**
Effective tax rate	32%	32%
Income tax recognised in profit or loss		
Tax at the Nigeria corporation tax rate of 30% (2018: 30%)	409,193	541,948
Education tax	27,280	36,130
Tax charge for the year	**436,473**	**578,078**

	2020 N'000	2019 N'000
Per statement of profit or loss		
Income tax	409,193	713,380
Education tax	27,280	52,437
Deferred taxation (Note 23)	-	37,703
	436,473	803,520
Per statement of financial position:		
Balance 1 January	765,944	800,841
(Payments)/writeback during the year:		
Income tax	(705,411)	(747,193)
Education tax	(52,437)	(53,648)
WHT Utilized	(7,969)	
Total cash payment	**(765,817)**	**(800,841)**
	(765,817)	**(800,841)**
Provision for the year:		
Income tax	409,193	713,380
Education tax	27,280	52,437
		127
	436,473	765,944
Balance as at 30 September/31 December	436,600	765,944

12. Dividend payable

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

	2020 N'000	2019 N'000
At 1 January	1,500,720	1,013,328
*Approved dividend	-	2,029,343
Unpaid Dividend	-	389,044
***Dividend refunded	247,789	206,438
**Dividend re-imbursement	-	(107,206)
Payments during the year	-	(2,030,227)
At 31 December	1,748,509	1,500,720

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

	2020	2019
Weighted average number of ordinary shares in issue ('000)	700,000	700,000
Profit attributable to ordinary equity shareholders (N'000)	927,503	1,228,416
Basic earnings per share (kobo)	133	175
(b) Diluted	133	175

There were no potentially dilutive shares outstanding at 30 September 2020.

14. Property, plant and equipment

Cost	Leasehold Land N'000	Buildings on leasehold land N'000	Tinting equipment N'000	Plant and Machinery N'000	Furniture and fittings N'000	Motor vehicles N'000	WIP N'000	Total N'000
At 1 January 2019	11,472	54,689	135,823	811,801	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	-2850		-2886
Reclassification	-	-	(2,054)	2,051			-	(3)
At 31 December 2019	11,472	69,872	223,571	818,053	187,195	335,986	6,714	1,652,863
At 1 January 2020	11,472	69,872	223,571	818,053	187,195	335,986	6,714	1,652,863
Additions	-	2,770	23,859	5,715	36,685	-	-	69,029
Disposals	-	-	(4,685)	(17,213)	(3,905)	-	-	(25,803)
Reclassifications	-	0	(2,054)	2,051	-	-	-	(3)
At 30 September 2020	11,472	72,642	240,691	808,606	219,975	335,986	6,714	1,696,082
Accumulated depreciation								
At 1 January 2019	3,862	17,637	110,168	292,060	123,201	107,903	-	654,829
Charge for the year	-	1,818	31,336	45,377	14,638	37,791	-	130,960
Disposals	-	-	-		(36)	(2,565)	-	(2,601)
Reclassifications			(939)	937				(1)
At 31 December 2019	3,862	19,455	141,504	337,438	137,803	143,129	-	783,187
At 1 January 2020		19,455	110,168	292,060	123,201	107,903	-	783,187
Charge for the year	-	1,661	21,565	32,966	15,272	35,343	-	106,807
Disposals			(939)	937				(1)
Reclassifications	-	-	(4,664)	(17,184)	(3,859)	-	-	(25,707)
At 30 September 2020	-	21,116	126,130	308,780	134,614	143,246	-	864,286
Net book values								
At 30 September 2020	11,472	51,526	114,561	499,826	85,361	192,740	6,714	831,798
At 31 December 2019	7,610	50,417	82,067	480,615	49,392	192,857	6,714	869,674

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.

15. Intangible assets

	2020 N'000	**2019** N'000
Cost of software:		
At 1 January	7,541	116,271
Additions		
Balance at 31 December	**7,541**	**116,271**
Amortization of software		
At 1 January	-	67,202
Amortization of software during the year	2,499	41,528
Balance at 31 December	**2,499**	**108,730**
Net Balance as at 30 September 2020	**5,042**	**7,541**
Net balance as at 31 December 2019	-	**7,541**

16. Right of Use assets

	2020	2019
At 1 January	-	-
Impact of IFRS 16	6,205	6,205
Charge for the year	(207)	(138)
	5,998	6,067

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

17. Inventories

	Valued at:	2020 N'000	2019 N'000
Raw materials	Cost	510,436	295,428
Intermediates	Cost	31,227	13,254
Technical stocks and spares	Cost	33,082	29,957
Containers and labels	Cost	92,535	54,224
Consumable stocks	Cost	35,126	33,970
Finished goods	Cost	404,598	623,270
		1,107,003	1,050,103

18a Trade and other receivables

Receivables due within one year	2020 N'000	2019 N'000
Trade receivables	486,016	290,099
Less: provision for impairment of trade receivables	(43,741)	(28,788)
Net trade receivable	442,275	261,311
Receivables from related parties (Note 27)	74,013	15,504
Impairment on receivables from related parties	-	(6,253)
Witholding tax receivable	31,067	24,510
Impairment of WHT receivable	(18,308)	(18,308)
Witholding tax credit notes received	17,732	25,702
Other receivables	99,122	90,242
Impairment on other receivables	(20,709)	(21,130)
Advances to staff	4	118
	625,196	371,696

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

	2020 N'000	2019 N'000
At 1 January	28,788	34,419
Additional impairment charge for the year	15,574	-
Receivable written back during the year.	(621)	(5,631)
At 31 December	43,741	28,788

18. Trade and other receivables (continued)

18b Receivables due after one year, finance lease receivables

	2020	2019
	N'000	N'000
Gross investment in lease	91,601	91,601
Unearned finance income	(81,226)	(81,226)
Net investment in lease	10,375	10,375
Gross investment in lease		
Gross finance lease receivable - minimum lease receivable		
- No later than 1 year	2,198	2,198
- 2 to 5 years	11,000	11,000
- More than 5 years	78,401	78,401
	91,599	91,599
Future finance income on lease	(81,224)	(81,224)
Present value of finance lease receivable	10,375	10,375
The present value is analysed as follows:		
- No later than 1 year	1,606	1,606
- 2 to 5 years	4,304	4,304
- More than 5 years	4,464	4,464
	10,375	10,375

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

	2020	2019
	N'000	N'000
Import prepayment	177,722	5,653
Other prepayments	47,933	59,665
Packaging Material	26,043	26,043
Insurance	9,112	31,134
	260,810	**122,495**

20. Cash and cash equivalents

	2020	2019
	N'000	N'000
Cash at bank and in hand	408,917	138,273
Short-term deposits	4,563,353	4,175,924
Total	**4,972,270**	**4,314,197**
Restricted cash	-	8,790
Total	**4,972,270**	**4,322,987**

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

	2020 N'000	2019 N'000
Trade payables	377,683	218,713
Royalty accrual	340,679	158,439
	718,362	**377,152**
Provision for employee leave	6,522	77
VAT payable	151,125	147,458
Witholding tax payable	21,471	25,214
Income received in advance	24,694	72,202
Accrued marketing expenses	37,859	116,727
Payable to related parties		55,248
Accrued dealer's reward	61,915	23,585
Accrued audit fee	15,587	20,948
Sundry creditors	65,549	59,437
Import payable	-	221,597
Downpayment	420,000	420,000
Other accruals	229,148	261,907
	1,752,232	1,801,552

	2020	2019
Average credit period taken for trade purchases (days)	30	30

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

22. Share capital

	2020		2019	
	Number	Amount	Number	Amount
Authorised:	'000	N'000	'000	N'000
Ordinary shares of 50k each	840,000	420,000	840,000	420,000
Issued and fully paid:				
Ordinary shares of 50k each	700,000	350,000	700,000	350,000

Movements during the year:	Number of shares '000	Ordinary shares N'000
Balance at 1 January 2018	560,000	280,000
Bonus issue	140,000	70,000
At 31 December 2019	700,000	350,000
At 30 Sept. 2020	700,000	350,000

Share premium	N'000 **2020**	N'000 **2019**
Balance at 1 January	19,254	19,254
At 30 Sept. 2020	19,254	19,254

Nature and purpose of reserves

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

23. Deferred tax

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

Statement of financial position:	**2020 N'000**	**2019 N'000**
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	164,755	127,053
	164,755	127,053
Accelerated depreciation property, plant & equipment	188,024	188,024
Trade and other receivables	(17,975)	(17,975)
Inventories	(5,293)	(5,293)
	164,756	164,755

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

	2020 N'000	**2019 N'000**
At 1 January	164,755	127,053
Adjustment upon adoption of new standards	-	
At 1 January (restated)		127,053
Profit or loss charge (Note 11)		37,703
At 31 December	164,755	164,756

24. Return Asset

	2020	**2019**
Right of return assets	23	23
Additional ROR during the year	62	-
	85	**23**

25. Refund Liability

	2020	**2019**
At 1 January	102	2,070
Additional ROR during the year	40	(1,968)
	142	102

26. Lease Liability

	2020 N'000	**2019 N'000**
Opening balance	6,203	6,205
Interest @ 14%	434	869
Lease payment during the year		(871)
Balance as at 31st December	**6,637**	**6,203**
Spliting into Current and Non-Current		
Current	869	869
Non-Current	5,768	5,334
	6,637	6,203

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		2020	2019
			N'000	**N'000**
UAC of Nigeria Plc	Parent	Service	-	95
UAC Foods Limited	Fellow subsidiary	Sales of paint	731	1,221
UACN Property Dev. Company Plc	Fellow subsidiary	Sales of paint	1,704	7,158
UAC Restaurants	Fellow subsidiary	Sales of paint	-	1,385
Portland Paint Products Nig. PLC	Fellow subsidiary	Service	76,641	20,409
			79,076	30,268

(b) Purchases of goods and services

	2020	2019
	N'000	**N'000**
UAC of Nigeria Plc: Commercial service fee (Note 7)	62,887	60,663

(c) Key management compensation

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

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

	Relationship		2020	2019
Receivable:			**N'000**	**N'000**
UAC Foods Limited	Fellow subsidiary	Sales of paint	-	519
UACN Property Dev. Company Plc	Fellow subsidiary	Sales of paint	-	2,062
UACN Nigeria Plc	Holding	Service	408	
UAC Restaurants	Fellow subsidiary	Sales of paint	-	205
Portland Paint Products Nig. PLC	Fellow subsidiary	Service	73,605	12,718
			74,013	**15,504**

Payable:

UAC of Nigeria Plc	Parent	Service		55,248