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Berger Paints Nigeria Plc

Unaudited Report - First Quarter ended

31 March 2019

Contents

Corporate Information

Board of Directors:	Abi Ayida	- Chairman
	Musa Danjuma	- Non - Executive Director
	Nelson Nweke	- Independent Non - Executive Director
	Sanjay Datwani (British)	- Non - Executive Director
	Patrick Buruche	- Non - Executive Director
	Adekunle Olowokande	- Non - Executive Director
	Raj Mangtani (Indian)	- Non - Executive Director
	Modupe Oguntade	- Ag. Managing Director (Appointed wef Jan 7, 2019)

Company Secretary/Legal Adviser Ayokunle Ayoko

Registered Office:
102, Oba Akran Avenue,
Ikeja, Industrial Estate
P.M.B. 21052, Ikeja, Lagos.

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Facebook: www.facebook.com/BergerPaintsNigeriaPlc
LinkedIn: www.linkedin.com/company/berger-paints-nigeria-plc
Twitter: www.twitter.com/BergerPaintsNg
Instagram: www.instagram.com/bergerpaintsnigeriaplc.
You Tube: www.youtube.com/channel/UCD_T-Wid299NWbfHxA4rGXg

NSE Trading Information	Trading Name:	Berger Paints Plc. (Berger)
	Ticker Symbol:	Berger
	Sector:	Industrial Goods
	Sub Sector:	Building Materials
	Market Classification:	Main Board

Registration Number: CAC RC: 1837

FRC Registration Number: FRC/2012/0000000000295

Registrars:
Meristem Registrars Limited
213, Herbert Macaulay Way, Adekunle, Yaba, Lagos.
P.O. Box 51585, Falomo, Ikoyi, Lagos
Tel: 8920491, 8920492, 01-2809250-3
Email: info@meristemregistrars.com
Website: www.meristemregistrars.com

Independent Auditor:
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street,
Victoria Island, Lagos
Tel: +234-1-2694660-4

Bankers:	Access Bank Plc	Guaranty Trust Bank Plc
	Diamond Bank Plc	Polaris Bank Plc
	Fidelity Bank Plc	UBA Plc
	First Bank of Nigeria Limited	Zenith Bank Plc
	First City Monument Bank Limited	Wema Bank Plc
	Heritage Bank Ltd	Ecobank Nig. Plc

Financial Highlights
In thousands of naira

	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018	%
Revenue	797,622	806,334	(1.08)
Gross profit	380,991	344,551	11
Operating profit	123,638	98,748	25
Profit before taxation	124,166	103,113	20
Profit for the period	84,433	70,117	20
Share capital	144,912	144,912	-
Total equity	2,897,485	2,711,261	7
Data per 50k share			
Basic earnings per share (kobo)	29	24	20
Net assets per share (kobo)	10.00	9.35	7
Market price per share as at period end	8.25	9.85	(16)
Market capitalization as at period end	2,391,043	2,854,761	(16)

Statement of Financial Position

As at 31 March, 2019

In thousands of naira

	Notes	31 March 2019	31 December 2018
Assets			
Property, plant and equipment	12(a)	2,432,156	2,410,120
Intangible assets	13	28,559	33,785
Investment property	14	439,977	445,270
Total non-current assets		2,900,692	2,889,174
Inventories	15	690,543	606,712
Trade and other receivables	16	242,872	190,982
Deposit for imports	17	215,506	134,775
Prepayments and advances	18	128,519	65,578
Other financial assets	20	133,583	129,213
Cash and cash equivalents	19	309,339	518,864
Total current assets		1,720,362	1,646,124
Total assets		**4,621,054**	**4,535,299**
Equity			
Share capital	21(a)	144,912	144,912
Share premium	21(b)	635,074	635,074
Retained earnings		2,117,499	2,033,066
Total equity		2,897,485	2,813,052
Liabilities			
Loans and borrowings	24	251,706	256,707
Deferred income	23	64,328	64,327
Deferred taxation	10(e)	116,175	116,175
Total non-current liabilities		432,209	437,209
Loans and borrowings	24	102,875	109,897
Current tax liabilities	12(d)	196,219	175,649
Trade and other payables	22	606,896	622,491
Deferred income	23	33,037	24,668
Dividend payable	25	352,333	352,333
Total current liabilities		1,291,360	1,285,038
Total liabilities		1,723,569	1,722,246
Total equity and liabilities		**4,621,054**	**4,535,299**

These financial statements were approved by the Board of Directors on April 16, 2019 and signed on its behalf by:

Modupe Oguntade (FRC/2014/ICAN/00000002246)
Ag. Managing Director

Shakiru Oyegbele (FRC/2013/ICAN/00000002321)
Ag. Chief Finance Officer

The accompanying notes on pages 8 to 51 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March. 2019

In thousands of naira	Notes	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018
Revenue	4	797,622	806,334
Cost of sales	8(a)	(416,631)	(461,784)
Gross profit		**380,991**	**344,551**
Other income	5	15,070	15,293
Selling and distribution expenses	8(a)	(62,171)	(54,736)
Administrative expenses	8(a)	(210,251)	(206,359)
Operating profit before credit impairment charges		**123,638**	**98,748**
Impairment loss on trade receivables	8(a)	-	-
Operating profit		**123,638**	**98,748**
Finance income	6	4,965	4,365
Finance costs	6	(4,437)	-
Net finance income/(costs)		**528**	**4,365**
Profit before taxation	7	**124,166**	**103,113**
Taxation	10(a)	(39,733)	(32,996)
Profit for the year		**84,433**	**70,117**
Other comprehensive income			
Total comprehensive income		**84,433**	**70,117**
Earnings per share:			
Basic and diluted earnings per share (kobo)	11	29	24

The accompanying notes on pages 8 to 51 form an integral part of these financial statements.

Statement of Changes in Equity

For the period ended 31 March 2019

In thousands of naira

	Note	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2019		**144,912**	**635,074**	**2,033,066**	**2,813,052**
Comprehensive income for the period					
Profit for the period		-	-	84,433	84,433
Other comprehnsive income for the period				-	-
Total comprehensive income for the period		-	-	84,433	84,433
Transactions with owners, recorded directly in equity					
Dividend	25	-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 March 2019		**144,912**	**635,074**	**2,117,499**	**2,897,485**
Balance at 1 January 2018		**144,912**	**635,074**	**1,861,159**	**2,641,145**
Comprehensive income for the period					
Profit for the period		-	-	70,117	70,117
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	70,117	70,117
Transactions with owners, recorded directly in equity					
Fair value reserve reclassified to profit or loss		-	-	-	-
Dividend		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 March 2018		**144,912**	**635,074**	**1,931,275**	**2,711,261**

The accompanying notes on pages 8 to 51 form an integral part of these financial statements.

Statement of Cash Flows
For the period ended 31 March 2019
In thousands of naira

	Note	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018
Cash flows from operating activities			
Profit for the period		84,433	70,117
Adjustments for:			
- Depreciation	10(b)	31,366	26,349
- Amortisation	13	5,226	5,122
- Finance income	6	(4,965)	(4,365)
- Finance cost	6	4,437	-
- Gain on sale of property, plant and equipment	7	(824)	(5,737)
- Taxation	10(a)	39,733	32,996
		159,407	124,482
Changes in:			
- Inventories		(83,831)	(38,555)
- Trade and other receivables	18(c)	(51,890)	62,919
- Deposit for imports	17	(80,731)	5,519
- Prepayments and advances	20(a)	(80,575)	2,355
- Trade and other payables	22(d)	(15,595)	(51,144)
- Deferred income		8,369	6,382
Cash generated from operating activities		(144,846)	111,958
WHT credit notes utilised	10(c)	-	0
Tax paid	10(c)	(1,529)	0
Net cash generated from operating activities		(146,374)	111,958
Cash flows from investing activities			
Purchase of property plant and equipment	12(g)	(36,859)	(100,494)
Proceeds from sale of property, plant and equipment		2,954	26,293
Interest income on bank deposits	6	4,965	4,365
Other financial assets	20	(4,370)	-
Net cash used in investing activities		(33,310)	(69,836)
Cash flows from financing activities			
Proceeds from loans and borrowings	24(b)	(1,679.50)	-
Repayment of borrowings	24(b)	(28,161)	(7,418)
Dividend paid	25	0.00	12,428
Net cash (used in)/generated from financing activities		(29,840)	5,010
Net (decrease)/increase in cash and cash equivalents		(209,525)	47,133
Cash and cash equivalents at 1 January		518,864	755,744
Cash and cash equivalents at 31 December	19	309,339	802,877

The accompanying notes on pages 8 to 51 form an integral part of these financial statements.

Notes to the financial statements
For the period ended 31 March 2019

Notes to the Financial Statements
For the period ended 31 March 2019

1 Reporting Entity

Berger Paints Nigeria Plc ("the Company") was incorporated in Nigeria as a private limited liability company in 1959 and was converted to a public liability company in 1973. Its registered office address is at 102, Oba Akran Avenue, Ikeja Industrial Estate, Ikeja, Lagos. The Company is listed on the Nigerian Stock Exchange.

The principal activities of the Company continues to be the manufacturing, sale and distribution of paints and allied products throughout the country and rent of investment property.

2 Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011. The 2019 first quarter unaudited financial statements were authorised for issue by the Board of Directors on April 16, 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

-Non-derivative financial instruments initially measured at fair value and subsequently measured at amortised cost.

-Government grant (recognised as deferred income) measured at fair value.

- Inventories: Lower of cost and net realisable value.

The methods used to measure fair value are further disclosed in Note 2(e).

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company’s functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

(d) Use of estimates and judgment

In the preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policy and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are

recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 4(Q) and 31	Leases: whether an arrangement contains a lease
Note 4(D),(F),14 and 15	Determination of the useful life of leasehold land
Note 4(L) and 6	Recognition and measurement of revenue from rendering of services.

Information about assumptions and estimation uncertainties that have most significant effects on amounts recognised in the financial statements is included in the following notes;

Note 2(e) and 30	Determination of fair values
Note 4(G) and 18	Impairment of financial assets: Expected credit loss and forward looking information
Note 26 (a)	Determination of repayment cashflows in respect of the investment property development financing arrangement.

(e) Measurement of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Notes to the Financial Statements
For the period ended 31 March 2019

Level 1	- quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices).
Level 3	- inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 30 – Financial instruments- Fair values and financial risk management.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

A. Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to naira at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

B. Financial instruments

Policy applicable from 1 January 2018

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements
For the period ended 31 March 2019

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Notes to the Financial Statements
For the period ended 31 March 2019

Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(iii) Subsequent measurement

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Notes to the Financial Statements
For the period ended 31 March 2019

(iv) Derecognition and offsetting

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Policy applicable before 1 January 2018

i. Non-derivative financial assets

The Company's financial asset comprises loans and receivables and cash and cash equivalent. The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Subsequent to initial recognition, non-derivative financial assets are measured as described below:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables and cash & cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash balances with banks, and short term investments with maturities of three months or less from the date of acquisition, which are subject to an insignificant risk of change in value, less any overdrafts.

ii. Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company has the following non-derivative financial liabilities: Trade & other payables, and loans and borrowings. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities, for which the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date, are classified as non-current liabilities.

Notes to the Financial Statements

For the period ended 31 March 2019

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

C. Capital and other reserves

i. Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded as share premium. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

ii. Share premium

When the company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares is transferred to the share premium account. Any transaction costs associated with the share issues are deducted from share premium account, net of any related income tax benefits. The use of the share premium account is governed by S.120 (3) of the Companies and Allied Matters Act, CAP C.20, Laws of the Federation of Nigeria, 2004,

iii. Retained earnings

Retained earnings represents the Company’s accumulated earnings since its inception, less any distributions to shareholders, and net of any prior period adjustments. A negative amount of retained earnings is reported as accumulated deficit.

iv. Fair value reserve

Fair value reserve comprises the cumulative net change in available-for-sale financial assets until the assets are derecognised or impaired.

D. Property, plant and equipment

i. **Recognition and measurement**

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Items of property, plant and equipment under construction are disclosed as capital work-in-progress.

If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

ii. **Subsequent cost**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Notes to the Financial Statements
For the period ended 31 March 2019

Gains and losses on derecognition or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss in the statement of profit or loss and other comprehensive income.

iv. **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Capital work-in-progress is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Leasehold land – Unlimited
- Buildings – 20 years
- Plants and machinery
  - Fixed plant – 12 years
  - Movable plant – 7 years
  - Generators – 5 years
- Motor vehicles
  - Trucks – 6 years
  - Official vehicles – 4 years
- Furniture and fittings – 8 years
- Computer equipment – 2 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

E. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at the end of each year, changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as charges in accounting estimates.

The amortisation expense of tangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when asset is derecognised.

Purchased software with finite useful lives are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Amortisation is calculated using the straight-line method over three (3) years.

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

F. Investment property

i. **Recognition and measurement**

An investment property is either land or a building or part of a building held by the Company to earn rentals or for capital appreciation or both.

Notes to the Financial Statements
For the period ended 31 March 2019

Investment property is initially measured at cost, including transaction costs. Such cost does not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy.

The cost model is applied in accounting for investment property. The investment property is recorded at cost less any accumulated depreciation and accumulated impairment losses.

ii. **Subsequent expenditure**

The cost of replacing a part of an item of investment property is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of investment property are recognised in profit or loss as incurred.

iii. **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the investment property which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Except for leasehold land, the estimated useful lives for the current and comparative periods are as follows:

- Buildings – 20 years
- Leasehold land – unlimited

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

iv. **Transfers**

Transfers to, or from, investment property are made when there is a change in use, evidenced by:
- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;

- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

Transfers to, or from, investment property does not change the carrying amount of the property transferred, and they do not change the cost of the property for measurement or disclosure purposes.

G. Impairment
Non-derivative financial assets

Policy applicable from 1 January 2018

i. Financial instrument

The Company's financial assets consist of cash and cash equivalent, trade receivables and other financial assets, The Company recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 60 days past due.

Notes to the Financial Statements
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Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For trade receivables, 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 and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For cash and cash equivalent and other financials assets the applies a general approach in calculating the ECLs. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

ii Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
ECLs are discounted at the effective interest rate of the financial asset.

iii Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

iv Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

v Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Policy applicable before 1 January 2018

i. Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Notes to the Financial Statements

For the period ended 31 March 2019

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by Companying together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

For debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets above. Reversals of impairment of debt instruments are recognised in the profit or loss.

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

For the purpose of impairment testing, assets that cannot be tested individually are Combined together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Company's of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the other assets in the unit (Company of units) on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

H. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Notes to the Financial Statements
For the period ended 31 March 2019

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

I. Provisions

A provision is recognised, if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

J. Employee benefits

i. Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for all employees. The Company and its employees contribute a minimum of 10% and 8% of the employees annual basic salary, housing and transport allowances respectively to the scheme. Employee contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to profit and loss.

On 1 January 2016, the Company increased the employer contributions to the scheme to 15% of employee's annual basic salary, housing and transport allowances.

ii. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided in profit or loss.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

iii. Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

K. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

Notes to the Financial Statements
For the period ended 31 March 2019

Raw materials, non-returnable packaging materials and consumable spare parts	–	purchase cost on a weighted average basis including transportation and applicable clearing charges.
Finished products and products-in-process	–	weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.
Goods in transit	–	Purchase cost incurred to date

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of conversion and selling expenses. Allowance is made for obsolete, slow moving or defective items where appropriate.

L. Revenue by nature

(i) Revenue from contract with customers

The Company has initially applied IFRS 15 from 1 January, 2018. Information about the Company's accounting policies relating to contracts with customers and the effect of initially applied IFRS 15 is disclosed in note 3.

Policy applicable from 1 January 2018

a Sale of paints and allied products

Revenue from the sale of goods in the course of ordinary activities represents sale of paints and allied products and is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates.

Revenue is recognised when the goods are delivered and have been accepted by customers. The Company allocates a portion of consideration received to loyalty points as applicable. The allocation is based on the relative stand alone selling prices. The amount allocated to the loyalty program is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points become remote. The deferred revenue is included in contract liabilities.

b Contract services - supply and apply services contract

Supply and apply services contract revenue results from rendering painting services to customers. These services are rendered based on specific negotiated contracts with the customers.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Revenue is recognized overtime on basis of the Company’s cost incurred relative to the total expected cost for the satisfaction of the performance obligation. The related cost are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.

Policy applicable before 1 January 2018

a Sale of paints and allied products

Revenue from the sale of goods in the course of ordinary activities represents sale of paints and allied products and is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

b Contract services - supply and apply services contract

Supply and apply services contract revenue results from rendering painting services to customers. These services are rendered based on specific negotiated contracts with the customers.

Notes to the Financial Statements
For the period ended 31 March 2019

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a service can be estimated reliably, then contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by recalculating the proportion that costs incurred to date bears to the estimated total costs of the service. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognised as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

(ii) Investment property rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other properties are recognised as other income.

M. Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income and reclassification of net gains previously recognised in OCI. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company’s right to receive payment is established.

Finance costs comprise interest expense on financial liabilities and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

N. Government grant

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

O. Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax includes company income tax, tertiary education tax and capital gains tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Income tax liabilities are presented in the statement of financial position net of withholding taxes.

Notes to the Financial Statements
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Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is recognised in profit or loss account except to the extent that it relates to a transaction that is recognised directly in equity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

P. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held (if any). Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held (if any), for the effects of all dilutive potential ordinary shares.

Q. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

ii. Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

iii. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

R. Statement of cashflows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividend paid to ordinary shareholders are included in financing activities while finance income received is included in investing activities.

Notes to the Financial Statements
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S. Operating Segment

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

All operating segments' operating results are reviewed regularly by the Management Committee, which is considered to be the chief operating decision maker for the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's Management Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

T. Dividends

Dividend payable is recognised as a liability in the period in which they are declared and the shareholders right to receive payment has been established.

Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with section 385 of the Companies and Allied Matters Act of Nigeria are written back to retained earnings.

U. Prepayments and advances

Prepayments and advances are non-financial assets which result when payments are made in advance of the receipt of goods or services. They are recognized when the Company expects to receive future economic benefits equivalent to the value of the prepayment. The receipt or consumption of the goods or services results in a reduction in the prepayment and a corresponding increase in expenses (assets) for that reporting period.

V. Deposit for imports

Deposit for imports are non-financial assets which result when letters of credit are opened with the bank for the importation of raw materials and plant and machinery. They are recognized when the Company expects to receive future economic benefits equivalent to the value of the deposit made.

W. Investment in subsidiary

Subsidiaries are entities controlled by the Company. Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. Where the recoverable amount of the investment is less than the carrying amount, an impairment is recognized in profit or loss. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognized in profit or loss.

Notes to the Financial Statements
For the period ended 31 March 2019

X. Related parties

Related parties include the Company's shareholders, directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Related parties transactions of similar nature are disclosed in aggregate except where separate disclosure is necessary for understanding of the effects of the related party transactions on the financial statements of the entity.

Y. New standards and interpretations not yet adopted

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January, 2018 and earlier adoption is permitted; however, the Company has not early adopted the new or amended standard in preparing the financial statement.

– **A) - IFRS 16 - Leases**

The Company is required to adopt IFRS 16 leases from 1 January, 2019. IFRS 16 introduces a single on-balance sheet accounting model for leases. A lessee recognisese a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments; there are recognition exemption for short term leases and leases of low value items. As at 31 March, 2019, the company does not have lease arangement where the company is a leasee. Hence, no impact upon initial application of the standard.

– **B) - Other standards**

- IFRIC 23 Uncertainty over Income Tax Treatments

Z. New currently effective requirement

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Annual improvements to IFRSs 2014 - 2016 Cycle - Amendments to IFRS 1 and IAS 28
- Transfers of Investment Property (Amendments to IAS 40)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

4 Revenue

(a) Revenue stream for the period comprises:

In thousands of naira	Recognition policy	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018
(i) Revenue from contract with customers			
- Sale of paints and allied products*	At a point in time	781,942	806,334
- Contract services	Over time	15,680	-
(ii) Revenue from investment property	Over time	-	-
		797,622	**806,334**

*Revenue from paints and allied products for the period comprises:

In thousands of naira	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018
Revenue (net of value added tax)	927,505	942,382
Discount allowed to customers	(117,231)	(108,046)
Rebates to customers	(17,807)	(15,898)
Customers support fee	(10,525)	(12,104)
Total revenue	**781,942**	**806,334**

Nigeria is the Company's primary geographical segment as all sales in the current and prior periods were made in the country.

(b) Contract balances

The Company's contract balance comprises of trade receivables from contract with customers.

In thousands of naira	31 March 2019	31 December 2018
Trade receivables (note 16(a))	199,418	149,297

5 Other income

Other income comprises:

In thousands of naira	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018
Sale of Scrap	905	1,328
Rental income on property subleases*	12,017	6,254
Profit from disposal of property, plant and equipment	824	5,737
Insurance claims received	1,324	881
Income from outsourced business partners (distributors)	-	747
Sale of diesel oil & miscellaneous income	-	346
	15,070	**15,293**

*This represents income earned from leases of an insignificant portion of the Company's building properties to third parties.

Notes to the Financial Statements
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6 Finance income and finance cost

Recognized in profit or loss:

In thousands of naira	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018
Interest income on bank deposits	950	4,365
Interest income on other financial assets	4,015	-
Toal finance income	**4,965**	**4,365**
Interest expense on financial liabilities measured at amortised costs.	(4,437)	-
Total finance cost	**(4,437)**	**-**
Net finance income/(costs) recognised in profit or loss	**528**	**4,365**

7 Profit before taxation

Profit before tax is stated after charging/(crediting):

In thousands of naira	Note	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018
Directors' emoluments	8(a)	19,404	15,323
Depreciation	8(b)	31,364	28,755
Amortisation	13	5,226	5,122
Personnel expenses	9(a)	129,529	114,259
Auditors' remuneration	8(a)	5,965	5,580
Profit on disposal of property, plant and equipment	5	(824)	(5,737)

8 (a) Operating Expenses

Analysis of expenses by nature

In thousands of naira	Note	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018
Directors emoluments	9(d)	19,404	15,323
Personnel expenses	9(a)	129,529	114,259
Training expenses		4,006	4,672
Repairs and maintenance		11,562	18,933
Office and corporate expenses		14,527	10,427
License and permits		5,566	4,809
Utilities		9,228	16,511
Insurance		2,350	1,317
Travel, transport and accommodation		19,868	26,297
Rent, rate and levies		255	711
Subscriptions and donations		729	3,861
Depreciation	8(b)	31,364	28,755
Amortisation	13	5,226	5,122
Printing and stationery		2,169	3,467
Legal and professional services fees		16,861	15,412
Auditors' remuneration		5,965	5,580
Bank charges		1,138	1,208
Selling expenses -Advertisement and publicity		24,958	22,288
Distribution and selling expenses		37,212	60,450
Raw materials and consumables		337,355	391,479
Supply and apply services contract expenses		9,781	-
		689,053	**750,881**

Notes to the Financial Statements
For the period ended 31 March 2019

Summarised as follows;

Cost of sales		416,631	461,784
Selling and distribution expenses		62,171	82,738
Administrative expenses		210,251	206,359
Total cost		**689,053**	**750,881**

(b) Depreciation

Depreciation charged for the year comprises:

Depreciation of property, plant and equipment	12	26,073	104,544
Depreciation of investment property	14	5,293	21,025
Total depreciation		**31,366**	**125,569**

9 Personnel expenses

(a) Personnel expenses, excluding remuneration of executive directors during the period comprises:
In thousands of naira

Salaries, wages and allowances	119,582	104,578
Employer contribution to compulsory pension fund scheme	9,947	10,196
	129,529	114,774

(b) Number of employees of the Company at year end, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

			3 Mths to 31 Mar 2019	**3 Mths to 31 Mar 2018**
₦		₦	Number	Number
500,001	-	1,000,000	31	30
1,000,001	-	1,500,001	74	92
1,500,001	-	2,000,001	29	27
2,000,001	-	3,000,001	17	12
3,000,001	and	above	12	15
			163	176

(c) The number of persons employed as at period end are:

	3 Mths to 31	**3 Mths to 31**
	Number	Number
Production	38	39
Sales and marketing	46	44
Finance	10	11
Administration	13	13
Maintenance	10	10
Corporate	2	12
Procurement	4	4
Distribution	12	15
Information Technology (IT)/CSR	6	4
Technical	12	13
Raw materials	10	11
	163	176

Notes to the Financial Statements
For the period ended 31 March 2019

(d) Remuneration (excluding pension contributions and certain benefits) paid to directors of the Company and charged to the profit or loss are as follows:

In thousands of naira	**Mar 2019**	**Mar 2018**
Fees paid to non-executive directors	12,634	9,861
Salaries	6,770	5,463
	19,404	15,323

The directors' remuneration shown above includes:

In thousands of naira	**3 Mths to 31 Mar 2019**	**3 Mths to 31 Mar 2018**
Chairman	1,544	1,508
Highest paid director	6,770	5,463

Other directors received emoluments in the following ranges:

			3 Mths to 31 Mar 2019	**3 Mths to 31 Mar 2018**
₦		₦	Number	Number
250,001	-	1,000,000	2	3
1,000,001	-	3,000,000	4	3
3,000,001	-	5,000,000	-	1
5,000,001	-	8,000,000	-	1
			6	8

10 Taxation

(a) The tax charge for the year has been computed after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes, and comprises:

In thousands of naira	**3 Mths to 31 Mar 2019**	**3 Mths to 31 Mar 2018**
Current tax expense:		
Company income tax	37,250	30,934
Tertiary education tax	2,483	2,062
	39,733	32,996
Charge for the period	39,733	32,996
Income tax expense	**39,733**	**32,996**

(b) Reconciliation of effective tax rate:

In thousands of naira	%	**3 Mths to 31 Mar 2019**	%	**3 Mths to 31 Mar 2018**
Profit for the period		84,433		70,117
Taxation		39,733		32,996
Profit before taxation		124,166		103,113
Income tax using the Company's domestic rate of 30%	30	37,250	30	30,934
Tertiary education tax @ 2%	2	2,483	2	2,062
Tax expense	32	39,733	32	32,996

(c) The movement in the tax payable during the period was as follows:
In thousands of naira

i. **Current tax liabilities**

	31 March 2019	**31 December 2018**
Balance as at 1 January	193,629	126,680
Current year charge	39,733	152,446
Back duty assessment for 2015 YOA	-	17,285
Cash payments	(1,529)	(50,300)
WHT credit notes previously impaired, now recovered	-	(42,500)
WHT credit notes utilised	-	(9,982)
Balance as at period end	231,833	193,629
ii. **WHT credit notes**		
Balance as at 1 January	31,070	24,182
Additions	17,634	16,870
WHT credit notes impaired	(13,090)	(13,090)
WHT credit notes utilised	-	(9,982)
Balance as at period end	35,614	17,980
Total current tax liabilities as at 31 March 2019	196,219	175,649

Notes to the Financial Statements
For the period ended 31 March 2019

(e) Movement in deferred taxation
In thousands of naira

	Balance at 1 January	Tax Impact of IFRS 9 transition Adjustment	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
31 March 2019						
Property, plant and equipment	181,636	-	-	181,636	-	181,636
Allowance on trade receivable	(40,138)	-	-	(40,138)	(40,138)	-
Provision for gratuity discontinued	(811)	-	-	(811)	(811)	-
Provision for slow moving inventories	(24,446)	-	-	(24,446)	(24,446)	-
Unrealised exchange losses/(gain)	(66)	-	-	(66)	(66)	-
Net tax (assets)/ liabilities	116,175	-	-	116,175	(65,461)	181,636
31 December 2018						
Property, plant and equipment	185,087	-	(3,451)	181,636	-	181,636
Allowance on trade receivable	(26,345)	(1,737)	(12,056)	(40,138)	(40,138)	-
Provision for gratuity discontinued	(2,730)	-	1,919	(811)	(811)	-
Provision for slow moving inventories	(16,516)	-	(7,930)	(24,446)	(24,446)	-
Unrealised exchange losses/(gain)	(2,149)	-	2,083	(66)	(66)	-
Net tax (assets)/ liabilities	137,347	(1,737)	(19,435)	116,175	(65,461)	181,636

11 Basic and diluted earnings per share

Basic earnings per share of 29 kobo (31 March 2018: 24 kobo) is based on the profit for the period of ₦84.43 million (31 March 2018: ₦70.12 million) and on 289,823,447 (2018: 289,823,447) ordinary shares of 50 kobo each, being the weighted average
Basic earnings per share is the same as diluted earnings per share.

Notes to the Financial Statements
For the period ended 31 March 2019

12 Property Plant and equipment
(a) The movement on these accounts was as follows:
In thousands of naira

	Leasehold Land N'000	Buildings N'000	Plants and Machinery N'000	Furniture and fittings N'000	Motor Vehicles N'000	Computer Equipment N'000	Capital work-in progress N'000	TOTAL N'000
Cost								
Balance at 1 January 2018	402,650	343,002	378,904	54,828	290,960	152,252	1,490,168	3,112,764
Additions	-	1,342.60	26,086	3,874	20,158	20,003	263,172	334,636
Transfer	-	-	58,047	-	-	-	(58,047)	-
Disposals/write-off	(12,650)	(8,520)	(87,336)	(19,879)	(53,768)	(105,163)	-	(287,316)
Balance at 31 December 2018	390,000	335,825	375,702	38,823	257,350	67,092	1,695,293	3,160,084
Balance at 1 January 2019	390,000	335,825	375,702	38,823	257,350	67,092	1,695,293	3,160,084
Additions	-	0	190	5,802	4,461	12,879	26,904	50,236
Disposals/write-off	-	-	(2,550)	-	(21,350)	(473)	-	(24,373)
Balance at 31 March 2019	390,000	335,825	373,341	44,625	240,461	79,498	1,722,196	3,185,947
Accumulated depreciation								
Balance at 1 January 2018	79,183	203,734	215,755	45,299	226,858	133,412	-	904,241
Charge for the year	-	16,975	31,796	3,825	35,594	16,354	-	104,544
Disposals/write off	(1,102.00)	(1,386.00)	(78,487)	(18,959)	(53,768)	(105,119)	-	(258,821)
Balance at 31 December 2018	78,081	219,323	169,064	30,165	208,684	44,647	-	749,964
Balance at 1 January 2019	78,081	219,323	169,064	30,165	208,684	44,647	-	749,964
Charge for the period	-	4,268	9,339	22,131	(15,677)	6,012	-	26,073
Disposals	-	-	(720)	(21,304)	(219)	-	-	(22,243)
Balance at 31 March 2019	78,081	223,591	177,683	30,992	192,788	50,659	-	753,794
Carrying amounts								
At 31 December 2018	311,919	116,502	206,638	8,658	48,666	22,445	1,695,293	2,410,120
At 31 March 2019	311,919	112,234	195,658	13,633	47,673	28,839	1,722,196	2,432,153

Notes to the Financial Statements
For the period ended 31 March 2019

(b) **Assets pledged as security**

No asset of the Company was pledged as security for loan as at 31 March, 2019 (December 2018: Nil)

(c) **Impairment of property, plant and equipment**

No impairment loss was recognised for the period (December 2018: Nil).

(d) **Capital commitments**

Capital expenditure commitments for the period ended 31 March 2019 authorised by the Board of Directors comprise:

In thousands on naira	**3 Mths to 31 Mar 2019**	**3 Mths to 31 Mar 2018**
Approved and contracted	50,236	100,494
Approved but not contracted	280,318	114,006
	330,554	214,500

(e) **Property, plant and equipment under construction**

Expenditure on capital work in progress as at 31 March 2019 is analysed as follows:

In thousands on naira	**31 March 2019**	**31 December 2018**
Plant and machinery	1,198,318	1,171,415
Buildings	523,878	523,878
	1,722,196	1,695,293

Included in this amount of capital work in progress are capitalized borrowing costs of ₦13.35 million (March 2018: ₦12.41million), at a capitalization rate of 100%.

(f) **Assets held on finance lease**

The leasehold land is held under finance lease arrangements for a minimum lease term of 99 years. The lease amounts were fully paid at the inception of the lease.

The classification of the lease of land as a finance lease is on the basis that the lease transfers substantially all of the risks and rewards incidental to ownership of the land to the Company.

Notes to the Financial Statements
For the period ended 31 March 2019

(g) **Additions in statement of cash flows**

In thousands on naira	**3 Mths to 31 Mar 2019**	**3 Mths to 31 Mar 2018**
Additions (Note 12(a))	50,236	100,494
Borrowing cost capitalised	(13,377)	-
	36,859	100,494

13 **Intangible assets**

In thousands of naira	**Computer Software**
Cost	
Balance at 1 January 2018	61,511
Additions	79
Balance at 31 December 2018	61,590
Balance at 1 January 2019	61,590
Additions	0.15
Balance at 31 March, 2019	61,590
Accumulated amortisation	
Balance at 1 January 2018	6,883
Charge for the year	20,922
Balance at 31 December 2018	27,805
Balance at 1 January 2019	27,805
Charge for the period	5,226
Balance at 31 March, 2019	33,031
Carrying amounts	
At 31 December 2018	33,785
At 31 March, 2019	28,559

The Company's intangible assets represent cost of Microsoft Navision ERP applications licence and technical agreement. The Microsoft Navision ERP application was acquired and available for use in September 2017. The cost being amortised to profit or loss over a period of three years.

Intangible assets amortisation charged to profit or loss for the period amounts to ₦5.23million (31 March 2018: ₦5.22million) and is included as part of administrative expenses.

Notes to the Financial Statements
For the period ended 31 March 2019

14 Investment property

The movement on this account was as follows:

In thousands of naira	**31 March 2019**	**31 December 2018**
Cost		
Balance at 1 January	604,468	604,468
Balance at 31 March 2019	604,468	604,468
Accumulated depreciation		
Balance at 1 January	159,198	138,173
Charge for the period	5,293	21,025
Balance at 31 March 2019	164,491	159,198
Carrying amounts at period/year ended	439,977	445,270

Rental income generated from investment property recognised during the period was Nil (2018: Nil).

Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period was Nil (2018: Nil).

Depreciation of ₦5.2 million (31 March 2018: ₦5.1 million) charged on investment property for the year was included in administrative expenses

Investment property comprises the Company's land and building at Abuja (hereinafter referred to as Berger Paints Plaza). The Company completed and commissioned the Berger Paints Plaza in November 2013. The Berger Paints Plaza is made up of 2,196 square meters of trade shops and offices available for commercial rent. The property has been leased to third parties and is managed on behalf of the Company by Gauge Construction Servicing Limited.

Each of the leases contains an initial non-cancellable period of one (1) year. No contingent rents are charged.

The fair value of the investment property as at period end has been estimated to be ₦2.05billion (31 December 2018: ₦2.05 billion). The fair value was determined by an external, independent property valuer (Ubosi Eleh and Co.) with Financial Reporting Council of Nigeria (FRC) No: FRC/2015/NIESV/00000013406. The fair value measurement of investment property has been categorised as a Level 2 fair value based on the input to the valuation techniques used.

15 Inventories

In thousands of naira

	31 March 2019	**31 December 2018**
Raw and packaging materials	348,329	361,249
Finished products	275,945	258,607
Product-in-progress	17,018	11,845
Consumables and spare parts	30,738	23,159
Goods in transit	102,109	28,245
	774,139	683,105
Impairment allowance	(83,596)	(76,393)
	690,543	606,712

The value of raw and packaging materials, changes in finished products and products in process consumed during the year and recognised in cost of sales amounted to ₦337.36 million (31 March 2018 :₦391.48 million).

Notes to the Financial Statements
For the period ended 31 March 2019

16 Trade and other receivables

(a)

In thousands of naira	31 March 2019	31 December 2018
Trade receivables (Note 4(b))	199,418	149,297
Rent Receivable	69,156	67,695
Staff debtors	2,122	1,814
Deposit with Company registrar	85,610	85,610
Other receivables	6,566	6,566
Total trade and other receivables	362,872	310,982
Impairment allowance	(120,000)	(120,000)
Carrying amount as at period/year ended	242,872	190,982

The Company's exposure to credit and currency risks related to trade and other receivables is disclosed in Note 28(b).

(b) The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows:

In thousands of naira	31 March 2019	31 December 2018
Balance at 1 January under IAS 39	120,000	99,674
Adjustment on initial application of IFRS 9	-	5,427
Balance at 1 January under IFRS 9	120,000	105,101
Net impairment loss recognised	-	14,899
Balance at 31 March 2019	120,000	120,000

(c) Reconciliation of changes in trade and other receivables included in statement of cash flows is as follows:

In thousands of naira

	31 March 2019	31 December 2018
Movement in trade and other receivables	(51,890)	(15,592)
Exchange gain (Note 6)	-	317
Changes in trade and other receivables per statement of cash flows	(51,890)	(15,275)

17 Deposit for imports

The deposit for import represent amounts deposited with banks to fund letters of credit. These letters of credit are meant to finance the importation of raw materials and items of property, plant and equipment. The total value of deposit for imports as at 31 March, 2019 amounted to ₦217.19 million (December 2018: ₦134.78 million).

18 Prepayments and advances

In thousands of naira	31 March 2019	31 December 2018
Advance payment to suppliers	78,610	29,838
WHT receivables	8,108	22,390
Prepaid insurance and others	41,801	13,350
	128,519	65,578

Notes to the Financial Statements
For the period ended 31 March 2019

(a) Reconciliation of changes in prepayments and advances included in statement of cash flows is as follows:

In thousands of naira	**31 March 2019**	**31 December 2018**
Movement in prepayment and advances	(62,941)	(19,139)
WHT credit notes previously impaired, now recovered	-	(42,500)
Movement in WHT credit notes	(17,634)	6,202
Changes in prepayments and advances per statement of cash flows	(80,575)	(55,437)

19 Cash and cash equivalents

In thousands of naira	**31 March 2019**	**31 December 2018**
Cash on hand	939	100
Balance with banks	255,501	364,238
Short term deposits with banks	52,900	154,526
Cash and cash equivalents	**309,339**	**518,865**

The short term deposit with banks included in cash and cash equivalents is with roll able maturity of thirty (30) days term.

The Company's exposure to credit and market risk for financial assets is disclosed in Note 30.

20 Other financial assets

This represents unclaimed dividend returned by the Company's registrar and invested in short term fixed deposits as at period end (March 2018:Nil).

As at 31 March 2019, the investment is analysed as stated below:

Fixed deposit:	**31 March 2019**	**31 December 2018**
Principal	129,213	128,045
Interest	4,370	1,168
	133,583	**129,213**

21 Capital and reserves

(a) Ordinary shares as at 31 March 2019

In thousands of naira	**31 March 2019**	**31 December 2018**
Authorised 800,000,000 ordinary shares of 50k each	400,000	400,000
Issued and fully paid 289,823,447 ordinary shares of 50k each	144,912	144,912

(b) Share premium

In thousands of naira	**31 March 2019**	**31 December 2018**
At 1 January	635,074	635,074
At 31 March 2019	635,074	635,074

Notes to the Financial Statements
For the period ended 31 March 2019

22 Trade and other payables

(a) Trade and other payables comprises:

In thousands of naira	**31 March 2019**	**31 December 2018**
Trade payables	224,622	201,353
Customer deposits for paints	138,055	143,212
Value Added Tax payable	9,851	25,577
Withholding Tax payable	44,303	45,085
PAYE payable	16,975	36,224
Pension payable (Note (b))	6,023	5,334
Other non-income taxes	13,378	12,718
Accruals	132,591	116,056
Other payables	21,098	36,932
	606,896	622,491

The Company's exposure to liquidity risks related to trade and other payables is disclosed in Note 30.

(b) ***Pension payable***

In thousands of naira	**31 March 2019**	**31 December 2018**
Balance at 1 January	5,334	18,175
Charge for the year	14,642	56,997
Payments	(13,953)	(69,838)
Balance at 31 March 2019	6,023	5,334

(c) ***Short term employee payables***

The Company officially discontinued the staff gratuity benefits in December 31, 2016. Additional charges were recognised in prior year after discussions and consultations with all stake holders such as the staff trade and labour unions. Benefits payable to employees were fully paid as at year end while the balance payable to ex-employees have been reclassified to other payables as at period end.

In thousands of naira	**31 March 2019**	**31 December 2018**
Balance at 1 January	-	8,531
Benefits paid	-	(5,996)
Reclassified to other payable	-	(2,535)
Balance as at 31 March 2019	-	-

(d) Reconciliation of changes in trade and other payables included in statement of cash flows

In thousands of naira	**31 March 2019**	**31 December 2018**
Movement in trade and other payable	(15,595)	65,096
Unrealised exchange loss (note 6)	-	(520)
Changes in trade and other payables per statement of cash flows	(15,595)	64,576

23 Deferred income

Deferred income comprises:

In thousands of naira	**31 March 2019**	**31 December 2018**
Government grant (note (a))	73,612	73,612
Advance rent received	23,753	15,383
Deferred income	97,365	88,995
Non-current	64,328	64,327
Current	33,037	24,668
	97,365	88,995

Notes to the Financial Statements
For the period ended 31 March 2019

(a) Government grant arises as a result of the benefit received from below-market-interest rate government assisted loans (Bank of Industry loans) obtained to purchase items of machinery and equipment for the installation of the automated water base paint production plant. The production plant is under construction and the grant will be amortised on a systematic basis over the useful life of the production plant.
Due to the fact that the production plant is not yet available for use as at 31 March, 2019, there has been no unwinding of the government grant into profit or loss.

24 Loans and borrowings

In thousands of naira

31 March 2019	Non-current liabilities	Current liabilities	Total
Development financing arrangement	63,468	32,100	95,569
Import finance facility	-	2,795	2,795
Bank of Industry loan	188,237	67,980	256,217
	251,706	102,875	354,581

31 December 2018	Non-current liabilities	Current liabilities	Total
Development financing arrangement	75,435	15,697	91,131
Import finance facility	-	4,820	4,820
Bank of Industry loan	181,272	89,380	270,652
	256,707	109,897	366,603

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 28.

(a) **Terms and repayment schedule**

					31 March 2019		**31 December 2018**	
	In thousands of naira	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face Value**	**Carrying amount**	**Face Value**	**Carrying amount**
(i)	Bank of Industry loan	NGN	10%	2022	301,587	256,217	314,699	270,652
(ii)	Development financing arrangement	NGN	18%	2025	101,671	95,569	101,671	91,132
(iii)	Import finance facility	NGN			2,795	2,795	4,819.77	4,819.77
	Total interest-bearing loans				406,053	354,581	421,190	366,604

i) **Bank of Industry Loan**

The loan is a Central Bank of Nigeria (CBN) intervention fund through Bank of Industry (BOI), which is secured by a "duly executed Negative Pledge" (Bank Guarantee) in favour of Fidelity Bank Plc. The applicable interest rate is 10% per annum subject to review by the BOI in line with the prevailing market conditions. The loan is repayable in seventy monthly instalments (including twelve months moratorium between March 2017 to February 2018) at various dates between March 2018 to December 2022.

As at 31 March 2019, net interest expense of ₦13.35 million (31 March 2018: ₦12.42 million) which accrued on the facility, was capitalised to capital work-in progress.

Notes to the Financial Statements
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ii) **Investment property development financing arrangement**

The Company engaged the services of Gauge Construction Servicing Limited ("the Contractor") for the construction, development and management of the Berger Paints Plaza based on a Memorandum of Understanding dated 20 March 2012. The consideration for the investment property development financing arrangement and the services provided by the Contractor is 50% of the rental collections in respect of the property, after the deduction of expenses incurred in the management of the property, for a period of 12 years from 1 November 2013 to 31 October 2025. The consideration is deemed to be the full and final satisfaction of all fees and money due to the contractor in respect of the arrangement. Accordingly, the Company's obligation to the Contractor is measured at amortised cost using the effective interest method and based on the estimated cashflows specified above.

The Company determines the repayment cash flows by estimating the occupancy, rentals and the expected collections in respect of operating leases of the trade shops and offices available for commercial rent over the remaining period.

iii) **Import finance facility**

Import finance facility represents outstanding balance on letters of credit facility made available to the Company by Fidelity Bank Plc towards the importation of raw materials and items of plant, property and equipments.

The balance of ₦2.8m as at 31 March 2019 (December 2018: N4.8m) represents equivalent of USD6,000.

(b) **Movement in loans and borrowings**

in thousands of naira	**31 March 2019**	**31 December 2018**
Balance, beginning of year	366,604	454,256
Additions	(1,679.50)	26,640
Repayments	(28,161)	(187,537)
Interest accrued	17,818	73,245
Balance, end of period	354,581	366,604

25 Dividends

The following dividends were declared and paid by the Company;

	Per share (kobo)	**3 Mths to 31 Mar 2019 N'000**	**Per share (kobo)**	**3 Mths to 31 Mar 2018 N'000**
Dividend	-	-	-	-

This represents the dividend proposed for the preceding year, but declared in the current year

25 Dividend payable

In thousands of naira	**31 March 2019**	**31 December 2018**
At 1 January	352,333	321,127
Declared dividend	-	144,912
Payments	0.00	(113,706)
At 31 March 2019	352,333	352,333

Notes to the Financial Statements

For the period ended 31 March 2019

26 Related Parties

Related parties include the Company's shareholders, directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

A. Transactions with key management personnel

Key management personnel compensation comprised the following:

In thousands of naira	**3 Mths to 31 Mar 2019**	**3 Mths to 31 Mar 2018**
Short-term benefits	15,340	23,069
Post employment benefits	1,149	1,532
	16,488	24,601

The aggregate value of transactions and outstanding balances related to key management personnel and other related parties were as follows.

In thousands of naira	Transaction values		Balance Receivable/(Payable)	
Transaction	3 Mths to 31 Mar 2019	3 Mths to 31 Mar 2018	3 Mths to 31 Mar 2019	31 December 2018
Supply of raw materials*	34,045	13,392	(8,770)	(20,412)
Supply of raw materials**	50,235	-	-	-
Recruitment services***	-	1,176	-	-
Registrar's fees****	1,150	2,700	1,150	(1,134)
Fund management service*****	4,370	-	133,583	129,213

* **Emychem Limited**

During the period, the Company bought various raw materials from Emychem Limited and also continued with the contract of products formulation for the new automated factory. The Managing Director of Emychem Limited is Mr. Raj Mangtani who is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

** **Clayton Finance Limited**

The Company bought various raw materials from Clayton Finance Limited. The Managing Director of Clayton is Mr. Sanjay Datwani who is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

*** **Excel Professional Services Limited**

The Company engaged the services of Excel Professional Services Limited for the recruitment of certain management staff. However, no such service was provided by Excel Professional during the period. The Managing Director of the company is Dr. Oladimeji Alo, and he was the chairman of the Board of Directors of Berger Paints Nigeria Plc but retired with effect from June 7, 2018.

**** **Meristem Registrars Limited**

Meristem Registrars Limited acts as the Registrars for the Company during the period. The Group Managing Director of the company is Mr. Oluwole Abegunde, and he was a non-executive director of the Board of Directors of Berger Paints Nigeria Plc. Mr. Abegunde resigned from the Board with effect from October 22, 2018

***** **Meristem Wealth Nigeria Limited**

Meristem Wealth Nigeria Limited continued to serve as the Company's fund manager to manage the investment of unclaimed dividend during the period. The Group Managing Director of the company is Mr. Oluwole Abegunde, and he was a non-executive director of the Board of Directors of Berger Paints Nigeria Plc. Mr. Abegunde resigned from the Board with effect from October 22, 2018.

Notes to the Financial Statements
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B. Other related party transactions

The Company incorporated a subsidiary in Ghana, Lewis Berger Ghana Limited, on 23 October 2013. As at 31 March 2019, the subsidiary remained dormant and had not commenced operations. The Company has not prepared consolidated financial statements on the account of materiality.

27 Financial instruments – Fair values and financial risk management

(a) **Classification of financial instruments and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. As at 31 March 2019, the Company did not have financial assets and liabilities measured at fair value through other comprehensive income or fair value through profit or loss.

31 March 2019		**Fair value**		
In thousands of naira	**Amortized Cost**	**Level 1**	**Level 2**	**Total**
Financial assets not measured at fair value				
Other financial assets	133,583	-	-	-
Trade and other receivables	242,872	-	-	-
Cash and cash equivalents	309,339	-	-	-
	685,794	-	-	-
Financial liabilities not measured at fair value				
Loans and borrowings	354,581	-	406,053	406,053
Trade and other payables*	516,366	-	-	-
Dividend payable	352,333	-	-	-
	1,223,280	-	406,053	406,053

31 December 2018	**Carrying Amount**	**Fair value**		
In thousands of naira	**Loans and receivables**	**Level 1**	**Level 2**	**Total**
Financial assets not measured at fair value				-
Other financial assets	129,213	-	-	-
Trade and other receivables	190,982	-	-	-
Cash and cash equivalents	518,864	-	-	-
	839,059	**-**	**-**	**-**
Financial liabilities not measured at fair value				
Loans and borrowings	366,604	-	421,190	421,190
Trade and other payables*	497,553	-	-	-
Dividend payable	352,333	-	-	-
	1,216,490	**-**	**421,190**	**421,190**

*Trade and other payables excludes statutory deductions such as Value Added Tax payable, Withholding Tax payable, PAYE payable, Pension payable and other non-income taxes payables.

The Company has not disclosed the fair values of financial instruments such as short term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

Notes to the Financial Statements
For the period ended 31 March 2019

- **Financial instruments in level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise treasury bills classified as available for sale.

- **Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

(i) quoted market prices or dealer quotes for similar instruments;

(ii) other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity, are used to determine fair value for the remaining financial instruments.

Adjustment to level 2 inputs will vary depending on factors specific to the asset or liability such as the location or condition of the asset.

(b) Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(i) **Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Strategy and Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the Internal Audit Function, outsourced to Bamidele Daramola & Co.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to the Financial Statements
For the period ended 31 March 2019

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of naira	**31 March 2019**	**31 December 2018**
Trade and other receivables (See (a) below)	242,872	190,982
Cash and cash equivalents (excluding cash at hand) (See (b) below)	308,400	518,764
Other financial assets (See (b) below)	133,583	129,213
	684,855	838,959

(a) Trade and other receivables

In thousands of naira	**31 March 2019**	**31 December 2018**
Net trade and rent receivables (See a(i) below)	148,574	96,992
Deposit with company registrar (See a(ii) below)	85,610	85,610
Staff debtors (See a(iii) below)	2,122	1,814
Other receivables (See a(iii) below)	6,566	6,566
	242,872	**190,982**

In thousands of naira	**31 March 2019**	**31 December 2018**
Impairment losses on financial assets recognised in profit or loss were as follows:		
- Impairment loss on trade receivable arising from contract with customers	120,000	120,000
	120,000	**120,000**

(i) Trade receivables

The Company's exposure to credit risk in respect of trade receivables is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings when available, and in some cases bank references. Credit sales limits are established for each customer and are reviewed regularly. The concentration of credit risk is limited due to the large and unrelated customer base. The company has pledged no trade receivables during the period.

The Company limits its credit risk from trade receivable by establishing a maximum payment of 30 and 60 days depending on the customer credit rating.

Concentration of risk

At 31 March 2019, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows;

	Carrying amount	
In thousands of naira	31 March 2019	31 December 2018
Wholesale customers	44,288	27,149
Retail customers	45,916	32,080
Others (Corporates)	109,215	90,068
Rent receivable	69,156	67,695
	268,574	216,993

Notes to the Financial Statements
For the period ended 31 March 2019

The Company uses an allowance matrix to measure the expected credit loss (ECL) from trade receivables from sale of paints and rental of investment property. The exposures are calculated separately for each segment based on their common characteristics. Loss rates are calculated based on actual loss experienced over the past three years. These rates adjusted by a scalar factor to reflect differences in economic conditions during the period over which the historical data has been collected and the Company's view of economic conditions over the expected lives of the receivables. The scalar factor is based on forecasted inflation rates and industry outlook.

At 31 March 2019, the ageing of trade receivables that were impaired was as follows:

31 March 2019

In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	125,355	-	125,355
Past due 1–30 days	Yes	100%	13,711	(13,711)	(0)
Past due 31–60 days	Yes	100%	9,816	(9,816)	-
Over 61 days due	Yes	100%	50,536	(50,536)	0
			199,418	(74,063)	125,355

31 December 2018

In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	4%	78,662	(3,428)	75,234
Past due 1–30 days	Yes	100%	10,283	(10,283)	-
Past due 31–60 days	Yes	100%	5,263	(5,263)	-
Over 61 days due	Yes	100%	55,089	(55,089)	-
			149,297	(74,063)	75,234

At 31 March 2019, the ageing of rent receivables that were impaired was as follows:

31 March 2019

In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	8%	25,334	(2,115)	23,219
Past due 1–30 days	Yes	-	-	-	-
Past due 31–60 days	Yes	-	-	-	-
Over 61 days due	Yes	100%	43,822	(43,822)	-
			69,156	(45,937)	23,219

31 December 2018

In thousands of naira			Gross	Impairment	Net
Neither past due nor impaired	No	14%	25,334	(3,576)	21,758
Past due 1–90 days	Yes	-	-	-	-
Past due 91–180 days	Yes	-	-	-	-
Over 180 days	Yes	100%	42,361	(42,361)	-
			67,695	(45,937)	21,758

The Company does not hold collateral on these balances. The Company does not have trade receivables for which no loss allowance is recognized because of collateral.

Movement in the allowance for impairment in respect of trade receivable during the period was as follows:

In thousands of naira	**31 March 2019**	**31 December**
Balance as at 1 January	120,000	105,101
Net impairment charge	0	14,899
Balance as at 31 March, 2019	120,000	120,000

Notes to the Financial Statements
For the period ended 31 March 2019

(ii) Deposit with Company Registrar

This represents amounts held with the Company registrar in respect of payments of declared dividends to shareholders on behalf of the Company. This represents the Company's maximum credit exposure to the financial asset. The refund of this receivable is as stipulated by the Securities Exchange Commission's set guidelines.

The Company's registrar is Meristem Registrars Limited, which has a history of reputable ratings. The Company has assessed the credit risk as low and the ECL is immaterial.

(iii) Staff debtors and other receivables

This mainly represents the rent receivable from Lagos State Internal Revenue Service, receivable from employees and accrued interest on short term deposits.

These receivables are payable on demand and its contractual period is very short (less than 12 months). The Company has assessed the counter parties to have sufficient net liquid assets and are considered to be low credit risk, hence, the expected expected credit loss is immaterial.

Consequently, the Company has not incurred impairment loss in respect of staff debtors and other receivables.

(b) Cash and cash equivalents and other financial asset:

The Company held cash and cash equivalents of ₦309 million and other financial asset of ₦133 million as at 31 March 2019 which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks with investment grade rating and other financial institution counter parties which are rated A+ rating.

Impairment on cash and cash equivalent has been measured on a 12month expected credit loss basis and reflects the short maturities of the exposures. The Company considered that its cash and cash equivalent and other financial asset have low credit risk based on the external credit ratings of the counter parties.

(iii) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company’s reputation.

The Company uses standard costing to cost its products, which assists it in monitoring cash flow requirements and optimising its cash return on investments. The Company aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 March 2019, the expected cash flows from trade and other receivables maturing within three months were ₦139 million (31 December 2018: ₦88.9 million). This excludes potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the Financial Statements
For the period ended 31 March 2019

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

31 March 2019		**Contractual cash flows**					
In thousands of naira	**Carrying Amount**	**Total**	**6 months or less**	**6-12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
Loans and borrowings	354,581	354,581	91,514	39,336	157,344	66,387	-
Trade and other payables*	516,366	516,366	516,366	-	-	-	-
Dividend payable	352,333	352,333	352,333	-	-	-	-
	1,223,280	**1,223,280**	**960,213**	**39,336**	**157,344**	**66,387**	**-**

31 December 2018		**Contractual cash flows**					
In thousands of naira	**Carrying Amount**	**Total**	**6 months or less**	**6-12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
Loans and borrowings	366,604	366,604	91,514	39,336	157,344	78,410	-
Trade and other payables*	497,553	497,553	497,553	-	-	-	-
Dividend payable	352,333	352,333	352,333	-	-	-	-
	1,216,490	**1,216,490**	**941,400**	**39,336**	**157,344**	**78,410**	**-**

*Trade and other payables excludes statutory deductions such as Value Added Tax payable, Withholding Tax payable, PAYE payable, Pension payable and other non-income taxes payables.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iv) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

1. ***Currency risk***

The Company is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Company. The functional currency of the Company is primarily the Naira. The currencies in which these transactions are primarily denominated are Naira (₦), Euro (€), US Dollars (US$) and Pounds Sterling (GBP). The currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate due to the changes in foreign exchange rates.

Notes to the Financial Statements
For the period ended 31 March 2019

The Company's policy is to ensure that its net exposure in respect of monetary assets and liabilities denominated in foreign currencies are kept to an acceptable level. The Company monitors the movement in foreign currencies on an ongoing basis and takes appropriate actions as necessary.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk is as follows:

	31 March 2019			31 December 2018		
	US$	€	GBP	US$	€	GBP
Foreign currency included in cash and cash equivalents	365,509	1,051	356	215,528	1,051	356
Import finance liability (See Note 26(iii))	(6,000)	-	-	(13,000)	-	-

The following significant exchange rates were applied;

	Average rate during the period		**Period end spot rate**	
Naira	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
US$ 1	350.92	354.07	362.00	365.00
€ 1	396.54	416.26	409.06	416.26
GBP 1	459.71	469.47	474.22	464.06

Sensitivity analysis

A reasonably possible strengthening /(weakening) of the naira against all other currencies at 31 March 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast purchases.

	Profit or loss	
In thousands of Naira	Strengthening	Weakening
31 March 2019		
US$ (5% movement)	6,507	(6,507)
€ (5% movement)	21	(21)
GBP (5% movement)	8	(8)
31 December 2018		
US$ (20% movement)	3,696	(3,696)
€ (20% movement)	22	(22)
GBP (20% movement)	8	(8)

Notes to the Financial Statements

For the period ended 31 March 2019

2. ***Interest rate risk***

The Company adopts a policy of ensuring that all its interest rate risk exposure is at fixed rate. This is achieved by entering into fixed rate instruments.

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and the interest cashflow risk that results from borrowings at variable rates. The Board of Directors is responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful borrowing profiling and use of heterogeneous borrowing sources.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments	**Nominal amount**	
In thousands of naira	**31 March 2019**	**31 December 2018**
Financial liabilities:		
Short term borrowings	102,875	109,897
Long term borrowing	251,706	256,707
	354,581	366,603

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The Company does not have any variable rate financial assets and liabilities as at 31 March 2019 (December 2018: Nil).

(c) **Capital management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. This is done by using a ratio of adjusted net debt to adjusted equity. Adjusted net debt has been defined as total liabilities, comprising loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at 31 March, 2019 was as follows.

	31 March 2019	**31 December 2018**
In thousands of naira		
Total liabilities	1,723,569	1,722,246
Less: Cash and Cash equivalents	(309,339)	(518,864)
Adjusted net debt	1,414,230	1,203,382
Total Equity	2,897,485	2,813,052
Net debt to equity ratio	0.49	0.43

Notes to the Financial Statements
For the period ended 31 March 2019

28 Operating leases

The Company leases out its investment property (see Note 16)

a. Future minimum lease payments

At 31 March 2019 the future minimum lease payments under non-cancellable leases are receivable as follows:

In thousands of naira	**31 March 2019**	**31 December 2018**
Less than one year	58,288	53,478
Between one and five years	5,042	24,309
	63,330	77,787

b. Amounts recognised in profit or loss

Investment property rentals recognised for the period is Nil (31 March 2018: Nil) was included in 'Revenue' (see note 6). Depreciation expense on the investment property was included in 'Administrative expenses' (see note 10b).

29 Provision of Non Audit Services

The details of non-audit services and the applicable fees paid during the period ended 31 March 2019 were:

	₦' million
i. Tax services	1.23
ii Transfer pricing advisory services	Nil
iii New IFRS impact assessment	Nil

30 Contingencies

The Company is engaged in litigations that have arisen in the normal course of business. As at 31 March 2019, Berger Paints Nigeria Plc has three (3) pending legal cases comprising one (1) as plaintiff and two (2) as a defendant. Contingent liability in respect of pending litigations for the Company is ₦6 million as at 31 March 2019 (December 2018: N6 million). In the opinion of the directors, it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

31 Subsequent events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Company as at 31 March, 2019 that have not been adequately provided for or disclosed in the financial statements.

Notes to the Financial Statements
For the period ended 31 March 2019

32 Operating segments

a. Basis of segmentation

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different process and marketing strategies. For each of the strategic business units, the Company's Management Committee review internal management reports on a weekly basis. The following summary describes the operations in each of the Company's reportable segments:

Reportable segments	Operations
Paints and allied products	Manufacturing, distributing and selling of paints and allied products
Contract revenue	Rendering of painting services
Investment property rental income	Investment property rentals

The accounting policies of the reportable segments are described in Notes 4.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Company's Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

b. Information about reportable segments

In thousands of naira

	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
31 March 2019					
External revenues	781,942	15,680	-	-	797,622
Finance income	-	-	-	4,965	4,965
Finance costs	-	-	(4,437)	-	(4,437)
Depreciation & amortisation	(31,297)	-	(5,293)	-	(36,590)
Net impairment loss on trade receivables	-	-	-	-	-
Reportable segment profit /(loss) before taxation	123,032	5,899	(9,730)	-	119,201

	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
31 March 2018					
External revenues	834,336	-	-	-	834,336
Finance income	-	-	-	4,365	4,365
Finance costs	-	-	-	-	-
Depreciation & amortisation	-	-	(5,131)	(28,746)	(33,877)
Impairment loss on trade receivables	-	-	-	-	-
Reportable segment profit before income taxation	132,625	-	(5,131)	-	127,494

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (Management Committee) on a regular basis. Therefore, information on segment assets and liabilities has not been presented.

Notes to the Financial Statements
For the period ended 31 March 2019

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items

Revenues

There are no significant reconciling items between the reportable segment revenue and revenue for the period.

Profit or loss

In thousands of naira	**3 Mths to 31 Mar 2019**	**3 Mths to 31 Mar 2018**
Total profit or loss for reportable segments	119,201	127,494
Unallocated finance income	4,965	4,365
Unallocated finance costs	-	(28,746)
Profit before taxation	124,166	103,113

Other material items

There are no significant reconciling items between other material items for the reportable segments and Company total.

Major customer

Revenue from one customer does not represent up to 10% of the Company's total revenue. Therefore, information on major customers is not presented.

Other National Disclosures

Other National Disclosures
Value Added Statement

For the yearperiod ended 31 March 2019
In thousands of naira

	3 Mths to 31 Mar 2019	%	3 Mths to 31 Mar 2018	%
Sales (note 6)	797,622		834,336	
Finance Income (note 8)	4,965		4,365	
Other income (note 7)	15,070		10,928	
	817,657		849,629	
Bought in materials and services				
- Imported	(70,573)		(24,798)	
- Local	(452,360)		(580,595)	
Value added	294,724	100	244,236	100
Distribution of value added				
To Employees:				
Personnel expenses	129,529	44	114,774	46
To Providers of Finance:				
Interest on loans (note 8)	4,437	2	-	-
To Government:				
Taxation (note 12(a))	39,733	13	32,996	14
Retained in the business as:				
Depreciation (note 10(b))	31,366	11	21,227	9
Amortisation (note 10(b))	5,226	2	5,122	2
To augment reserve	84,433	29	70,117	29
	294,724	100	244,236	100

Value added is wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the creation of future wealth.