Cappa and D'Alberto Plc

Annual Report and Accounts

31st March 2019

Cappa and D'Alberto Plc
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NOTICE IS HEREBY GIVEN that the sixty-ninth Annual General Meeting of Cappa and D'Alberto Plc will be held at the Muson Centre, Onikan, Lagos on Wednesday, 18th December, 2019 at 11.00 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To lay before the Company in General Meeting, the Financial Statements for the year ended 31st March, 2019 and the Report of the Auditors thereon, the Report of the Directors and the Report of the Audit Committee.

2. To declare a dividend.

3. To re-elect Directors.
   Special notices have been received by the Company that it is intended to propose the following resolutions as ordinary resolutions:
   (i) "That Mr. G.P. Salgarella be re-elected a Director of the Company pursuant to section 256 of the Companies and Allied Matters Act CAP C20 LFN 2004 notwithstanding that he attained the age of seventy years on 25th September, 2018."
   (ii) "That Engr. (Chief) A. Kiyomi be re-elected a Director of the Company pursuant to section 256 of the Companies and Allied Matters Act CAP C20 LFN 2004 notwithstanding that he attained the age of seventy years on 17th July, 2009."

4. To authorise the Directors to fix the remuneration of the Auditors.

5. To elect members of the Audit Committee.

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following resolution as an ordinary resolution:
   "To approve the remuneration of the Directors for the year ended 31st March, 2019 in the sum of ₦500,000 for each non-Executive Director save the Chairman, whose fees shall be fixed at the sum of ₦600,000 such payments to be made effective from 1st April, 2019."

BY ORDER OF THE BOARD

MRS. ADETOUN ABIRU
MARINA NOMINEES LIMITED
Secretaries
FRC/2013/ICSAN/00000003280

LAGOS

Dated 25th July, 2019

N O T E S:

(i) **PROXIES**
A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. A proxy card is enclosed. It should be signed and deposited with the Registrar, Africa Prudential Registrars Plc, 220B Ikorodu Road, Palmgrove, Lagos not less than 48 hours before the time for the meeting.

(ii) **CLOSURE OF REGISTER AND TRANSFER BOOKS**
The Company's Register of Members will be closed from 18th to 22nd November, 2019, both days inclusive.

(iii) **DIVIDEND WARRANTS**
If the payment of the dividend is approved, warrants will be posted on 19th December, 2019 to shareholders whose names appear in the Company's Register of Members at the close of business on 14th November, 2019.

(iv) **AUDIT COMMITTEE**
Any member may nominate a shareholder as member of the Audit Committee by giving notice in writing of such nomination to the Company Secretaries at least 21 days before the Annual General Meeting.

(vi) **UNCLAIMED DIVIDEND**
All shareholders with "Unclaimed Dividends" should address their claims to the Registrars, Africa Prudential Registrars Plc, 220B Ikorodu Road, Palmgrove, Lagos.

(vi) **RIGHT TO ASK QUESTIONS**
Members have a right to ask questions not only at the meeting but also in writing prior to the meeting provided that such questions in writing are submitted to the Company on or before 6th December, 2019.

Cappa and D'Alberto Plc.

Corporate Information

Directors and Professional Advisers

Registered Head Office	-	72 Campbell Street Lagos, Nigeria.
Company Registration No	-	RC No: 768
Date of Incorporation	-	29th April 1950
Tax Identification Number	-	01061723-0001

<u>Board of Directors:</u>

Franco Gianotti	-	Chairman	
Bruno G. Cappa	-		
Giovanni Mello Grand	-	Managing Director	
Cav. Enrico Calvino	-	Executive	
Gian P. Salgarella	-	Executive	(Italian)
Levi u. Ikenyi	-	(Died 16th November, 2018)	
Engr. (Chief) Abayomi Kiyomi			
Chief Ademola R. Seriki			
Engr. Adetokunbo Coker			
Abdul-Rafiu B. Adewale		appointed 19th July, 2018	

Secretaries	-	Marina Nominees Limited 233 Ikorodu Road Ilupeju, Lagos
Solicitors	-	Olajide Oyewole & Co.
Registrar/ Transfer Office	-	Africa Prudential Registrars Plc. 220B Ikorodu Road Palmgrove - Lagos
Auditors	-	Goldwyns (Chartered Accountants)
Principal Bankers	-	Access Bank Plc.
	-	First City Monument Bank Plc.
	-	Guaranty Trust Bank Plc.
	-	Stanbic IBTC Bank Plc
	-	Sterling Bank Plc.
	-	United Bank for Africa Plc.
	-	Zenith Bank Plc.

Financial Highlights

	Group 2019 N' 000	Group 2018 N' 000	% Change Increase/ (Decrease)	Company 2019 N' 000	Company 2018 N' 000	% Change Increase/ (Decrease)
Major items in **Statement of Financial Position**						
Ordinary share capital	123,047	123,047	-	123,047	123,047	-
General reserves	240,972	240,972	-	239,235	239,235	-
Revenue reserves	12,580,167	12,573,950	0.05	12,521,423	12,529,777	(0.07)
Property, plant and equipment	2,487,273	2,542,750	(2.18)	2,487,134	2,542,268	(2.17)
Total assets	24,206,687	24,578,163	(1.51)	24,094,985	24,484,230	(1.59)
Total liabilities	11,212,883	11,557,624	(2.98)	11,185,135	11,534,020	(3.02)
Shareholders' funds	12,993,803	13,020,540	(0.21)	12,909,850	12,950,209	(0.31)
Major items in **Statement of Comprehensive Income**						
Revenues	17,343,902	22,136,571	(21.65)	17,345,221	22,138,497	(21.65)
Operating profit before tax	585,593	1,503,272	(61.05)	564,286	1,490,026	(62.13)
Income tax expense	281,275	(544,208)	(151.69)	274,538	(547,505)	(150.14)
Operating profits attributable to equity holders	304,318	2,047,480	(85.14)	289,747	2,037,531	(85.78)
Cashflow information						
Cash generated from operations	(210,289)	(1,610,684)	(86.94)	(229,100)	(1,415,536)	(83.82)
Cash and cash equivalents	7,237,876	9,382,498	(22.86)	7,145,606	9,366,753	(23.71)
Key financial information Per =N=0.50K share						
Earnings per share - basic (Naira)	1.24	8.32	(85.14)	1.18	8.28	(85.78)
Net assets (Naira)	52.80	52.91	(0.21)	52.46	52.62	(0.31)

Chairman's Statement

Ladies and Gentlemen,

On behalf of the Board of Directors, I welcome you all to the 69th Annual General Meeting of your Company.

Unfortunately I regret to inform you this year again of the loss of one of our outstanding directors Mr. Levi U. Ikenyi who passed away on the 16th of November 2018. Mr. Levi Ikenyi served the company in several capacities before his elevation to the Board as the Director of Administration and was until his death an active member of the statutory audit committee of your company. I hereby call for the observance of one minute silence in his honor. May his gentle soul rest in peace.

Global Economic Outlook

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. The escalation of US–China trade tensions and further tightening of trade policies, uncertainties around Brexit, macroeconomic stress in Argentina and Turkey, looming crisis in Germany's car industry, China's credit crisis and already tight financial conditions continue to cloud global economic prospects. As international trade and investment soften, trade tensions remain elevated and emerging markets continue to experience financial market pressures. Risks are firmly on the upside, in part reflecting the possibility of destabilizing policy developments. This has also dampened the economic growth prospects for Sub-Saharan Africa. Being a commodity export-dependent region, the region is bound to feel the adverse impact of restrictive trade policies, which can put downward pressure on commodity prices and create financial system imbalances in domestic economies that will not only constrain growth in individual countries but also have a spillover effect on the region's aggregate output. Global growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020.

Nigeria Economy and Polity

President Muhammadu Buhari (GCFR) has won a second term in office in a February 23rd 2019 general elections by a decisive margin. In terms of economic policy this presages more of the interventionism that characterized his first term, limiting foreign investment and growth. Despite the commitment of the government to contain criminal groups and terrorism and the Federal Government investment in security, (the federal resources, in part drained by costly consumer subsidies) no concrete achievement have been made to quell a rising tide of violence in central and northern Nigeria which affects commerce.

We will recall that Nigeria emerged from recession in 2017, with a growth rate of 0.8%, driven mainly by the oil sector. Growth was higher in 2018 (at 1.9%) and more broad-based; however, it still fell below the population growth rate, government projections and pre-recession levels. The oil and gas sector reverted to contraction from the second quarter of the year and the non-oil economy was thus the main driver of growth in 2018. While agriculture slowed down significantly due to conflict and weather events, non-oil, non-agricultural growth, which remained negative up to the third quarter of 2017 strengthened through 2018 - but remained weak – with services (primarily information and communications technology) resuming as the key driver.

Economic growth is however expected to hover just above 2% in 2019 and over the medium term. The oil sector is likely to stagnate in the face of regulatory uncertainty, limiting investments in the sector. Agriculture is expected to remain affected by conflicts and climate and weather events; and the non-oil-non-agriculture will likely continue to struggle in the face of sluggish demand and constrained private sector credit growth.

Swift focus on macroeconomic and structural reform priorities articulated in the country's Economic Recovery and Growth Plan (ERGP 2017-2020) by the renewed government administration and acceleration of their implementation could immediately promote needed economic resilience and can be expected to strengthen growth further than current projections.

The 2018 budget performance indicators showed that the national gross domestic product (GDP) increased by about 1.8%, as mentioned earlier, with oil revenues still being the major source of revenues for the government. Average oil production per day was 1.95 million barrels per day while international oil price averaged $74 per barrel. Inflation hovered around 11.28% although the target inflation rate in the appropriation act was 12, 4%. Capital releases to fund projects aggregated N820.57 billion even though the approved budget for capital expenditure was over N2.0 trillion.

The Nation's debt increased to $25,609.63 million in the first quarter of 2019 from $21,591.68 million in the 4th quarter of 2018 which is 18.6% increase in national debt. The approved budget of 2018 projected to spend about N2.0 trillion on debt servicing constituting 25% of the budget with indirect impact of the availability of funds for the real sector. The national budget for 2019 was structured with the following fundamental assumptions:

- Crude oil production at 2.3 million barrels per day
- International crude oil price at $60 per barrel
- Foreign exchange rate at N305/$1.00
- Inflation rate at 9.98%
- Gross Domestic Product growth rate of 3.1%

These assumptions are both conservative and optimistic depending of the factors being evaluated for the standpoint of these assumptions. A fiscal deficit of N1.6 trillion is envisaged with a plan to fund this deficit with both external and internal borrowings. The effect this is that the national aggregate borrowings will increase and the aggregate debt to gross domestic product will further deteriorate. The summary of government spending per the budget shows that both recurrent expenditure and debt servicing will gulp N4.7 trillion and N2.1 trillion respectively of the national budget of N10.3 trillion representing 66% of the national budget. It is unclear if this will spur the growth that is embodied in the fiscal policies of government for the year.

In a drastic change in policy the Federal Government in July 2019 committed to the African Continental Free Trade Agreement (ACFTA). This free trade agreement has birthed a single continental market for free movement of capital and business travelers with a strong potential to out-class the achievements of ECOWAS whose impact has been minimal in the transformation of the social and economic affairs of the member nations. This agreement technically removed tariffs of 90% of goods with potential value of increasing **"Intra-African"** trade by 52% and spur competitive manufacturing and services. In order to prevent "dumping" in Nigeria it is incumbent on manufacturers in Nigeria to innovate and significantly reduce production costs but the government must also provide the required support in terms of infrastructure to support the manufacturing and services sectors. The government must equally consider the high rate of income taxe, the multiplicity of taxes and the "ease of doing business in Nigeria if it must tap into the benefits offered by the free trade agreement. The real and potentially un-intended consequences of this free trade agreement will be felt in the no distant years to come.

Developments in this Building and Construction Industry

It is an immutable fact that the construction and real estate sector of the Nigeria economy offer a potential source of growth for the nations GDP. The value chain in the industry is huge and impactful. During the recession of 2016-2017 which spilled into the early periods of 2018 and the ensuing financial crises, the industry took a big hit and this is evident in its contribution to the GDP in those periods. It would seem that the construction industry is still in recession although an anemic growth in GDP was reported or as far as it impacted the fortunes of Cappa and D' Alberto Plc in this financial year. For the first time in several years the company's gross revenues declined by a whopping 22.6%!

Scorecard

The Group recorded gross revenues (from core business) of ₦ 17.34 Billion in 2019 as against the ₦ 22.14Billion achieved in 2018. This represents a decrease of 21.65% compared to previous year's performance. The Group operating profit before tax achieved for the year was ₦ 585.6 million as against the 2018 profit before tax of ₦1.5 Billion, a decrease of 61.05% which was impacted by the huge operating cost for the year.

Dividend

Notwithstanding the loss in revenues and profits in the reporting period, the Board of Directors is recommending a gross dividend of N0.50k per ordinary share of ₦0.50k which translates to ₦123,046,875. This recommended dividend in the opinion of the Directors is consistent with the dividend policy of the Group which takes into consideration the interest of the shareholders, the group's reinvestment programs and ability to honor the financial obligations associated therewith.

Contracts completed in the Year and Progress Report on Contracts

During the year the company completed the following contracts:

1. Diamond Bank Plc (Now Access Bank Plc) Head Office, Lekki – Lagos
2. Holy Cross Cathedral Refurbishment

The contract for the construction of a Hotel for Quantum Properties is still suspended while works have started on the Oceana Project at Lekki.

New Contracts

I am pleased to report that your Company has signed the following new contracts:

1. The Mike Adenuga Centre/Alliance Francaise, Ikoyi, lagos
2. Shelter Point Office Development at Lekki
3. Refurbishment of the Church of Assumption, Ikoyi
4. James Hope Foundation Project at Agobor – Delta State

The Future

The above mentioned contracts and contracts on hand are not sufficient to sustain a healthy turn-over, and, although there are signs of recovery in the Building Industry given the number of projects your company is tendering for, I must warn you that the Company will inevitably face more negative trends in the current financial year if for reasons beyond the Company's control more contracts are not secured. I must also put on record that the issue of the current rate of withholding tax at 5% presupposes a profit level which is not realistic even when the economy is expanding. If this issue is not addressed by Government, it will have dire consequences in the organized private sector of the Building Industry.

Management and Staff

Management is committed to good business principles and maintains a stable constructive and cooperative relationship both with the Construction and Civil Engineering Senior Staff Association and the National Union of Civil Engineering Construction, Furniture & Wood Workers. The negotiations on the collective agreements regulating the terms and conditions of service for senior and junior employees coupled with the implementation of the new national minimum wage will be on the way by the time this report goes to press, we trust that in the interest of all parties concerned issues will be resolved in the best possible manner given the situation of the Building Industry. The management is proud to have a workforce committed to the highest professional standards who continue to keep the Company ahead of competition in terms of quality and performance. Management is committed to high standards of safety and health awareness in all aspects of its business, to this end I am happy to inform you that the Lagos State Safety Commission Award has been presented to your Company.

Finally I thank you, our Shareholders for your continued loyalty and support.

Franco Gianotti,
Chairman

Directors' Report

The directors submit their report together with the audited financial statements of the group for the reporting period ended 31st March, 2019.

Results

	₦'000
The group profit for the period attributable to ordinary shareholders	304,318

Dividend
The Directors have recommended, for declaration at the annual general meeting, a dividend of ₦0.50 per share. The dividend shall be subject to withholding tax in accordance with the provisions of the Companies Income Tax Amendment Act of 2007 at the appropriate rate at the time of payment.

Legal Form
The Company was established as a partnership in 1932 and was incorporated in Nigeria in 1950 as a limited liability company. The Company's shares were admitted to the official list of the Nigerian Stock Exchange (NSE) in November, 1978. The Company's shares were however delisted from the official list of the NSE with effect from 24th March, 2009 and confirmation of that development was received from the Nigerian Stock Exchange on the 16th January 2015.

Principal activities
The Company operates principally as building and civil engineering contractors and its two wholly-owned subsidiaries stated hereunder are property owning and real estate development and management companies:

Subsidiary	Principal Business Activities	Date of Incorporation	Percentage Holding
Stone Road Properties Ltd	Real Estate Investment	Jan 1960	100%
Igbobi Development Co. Ltd	Real Estate Investment	May 1954	100%

Directors
The names of the Directors of the Company are listed on page 2 of this annual report.

In accordance with the Company's Articles of Association, Messrs.' Cav. Enrico Calvino, Mr. Bruno Cappa and Engr. Adetokunbo Coker, shall retire by rotation and being eligible offer themselves for re-election.

Record of Directors' attendance
In accordance with Section 258(2) of the Companies and Allied Matters Act CAP C20 LFN 2004 the record of the Directors' attendance at Directors' meetings during the year is available for inspection at the Annual General Meeting.

Corporate Governance
The Board is responsible for the corporate governance of the Company. The subsisting corporate governance structure and policies of the company have been reconstituted and revised in line with the new releases from the Securities and Exchange Commission and the national exposure draft released by the Financial Reporting Council of Nigeria scheduled to take effect from 2020.The new committees (Board and Statutory),and their terms of reference are stated in the corporate goverance report included in this annual report. In relation to financial reporting, the Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial status of the

Company and ensure that the accounts comply with the Companies and Allied Matters Act, CAP C20 LFN 2004, the applicable International Financial Reporting Standards (IFRSs) and other regulatory provisions. They are also responsible for safeguarding the assets of the Company by taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that, to the best of their knowledge and as at the date of this report, the Company has been and is in substantial compliance with the provisions of the Code of Corporate Governance in Nigeria.

Directors' Shareholdings

The directors' interests in the shares of the Company at 31st March, 2019 and 2018 were as follows:

	Number of shares held as at 31st March	
	2019	2018
Cav. E. Calvino	2,450	2,450

The Directors have advised that since 31st March, 2019 and up to 25th July, 2019 there has been no change in the above interests.

Other Directors' Interests

None of the Directors has notified the Company for the purpose of section 275 of the Companies and Allied Matters Act, CAP C20, LFN 2004 of any declarable interests in contracts with which the Company is involved either as at 31st March, 2019 or as at 25th July, 2019.

Schedule of Board Meetings

The Board of Directors met four times during the financial year 2018/2019. The meetings took place on the following dates:

- 26th April, 2018
- 19th July, 2018
- 16th October, 2018
- 31th January, 2019

Share Capital and Shareholdings

Authorised share capital:

The authorized share capital of the Company is ₦200, 000,000 made up of 400,000,000 ordinary shares of 50 kobo each.

Issued and fully paid share capital:

The issued and paid-up share capital of the Company currently is ₦123, 046,875 made up of 246,093,750 ordinary shares of 50 kobo each.

The share capital history of the Company is stated on Notes 35 and 35.1

Beneficial ownership

The issued and paid–up share capital of the Company as at March 31, 2019 and July 25, 2019 when the financial statements were approved for issue by the Board, were beneficially held as follows:

	Number of Ordinary Shares Held July 25 2019	Percentage Holdings as at July 25 2019	Number of Ordinary Shares Held March, 31 2018	Percentage Holding as at March, 31 2018
Ibile Holdings Limited	45,666,917	18.56	45,666,917	18.56
International Building Investment A.G.	63,374,232	25.75	63,374,232	25.75
Construction and Engineering A.G.	79,090,045	32.14	79,090,045	32.14
Ecobank Transnational Incorporated	24,609,375	10.00	24,609,375	10.00
Nigerians and Associations	33,353,181	13.55	33,353,181	13.55
	246,093,750	**100.00**	**246,093,750**	**100.00**

Share Range Analysis:

Share Range	Number of shareholders	Percentage of shareholdings	Number of Units Held	Percentage of Shareholdings
1 - 500	577	21.14	177,143	0.07
501 - 1000	685	25.10	752,447	0.31
1001 - 5000	989	36.24	3,233,952	1.31
5001 - 10000	230	8.43	2,314,260	0.94
10001 – 25000	149	5.46	2,922,211	1.19
25001 - 100000	66	2.42	4,066,998	1.65
100001 - 500000	24	0.88	7,354,568	2.99
500001 - 1,000000	3	0.11	2,687,851	1.09
1,000001 - and above	6	0.22	222,584,320	90.45
Total	**2,729**	**100**	**246,093,750**	**100**
	========	=========	==========	========

Acquisition of own shares:
Section 160 – 164 of the Companies and Allied Matters Act Cap C.20 LFN 2004 laid out the processes and conditions under which a company may acquire its own shares. We report that the Company did not acquire any of its own shares in the period.

Property plant and equipment
Movements in items of property, plant and equipment during the year are shown in Notes 23 to 24.1 on page 87 and 88. The Company invested additional sum of ₦507.057 million in capital assets (including small plants) in the period. All impairments in property plant and equipment have been recognized where appropriate. In the opinion of the Directors, the respective recoverable amounts of the Company's properties are not lower than the carrying amounts shown in the financial statements.

Donations
The Company lived up to expectations in the performance of corporate social responsibility (CSR) during the period. Donations to charitable organizations during the period amounted to ₦4, 650,000.00 (2018 – ₦1,150,000.00). The details are:

	₦
Special Persons Association of Nigeria	100,000.00
SOS Children's Village	250.000.00
Wesley School for the Learning Impaired	100,000.00
Holy Cross Cathedral Medical Clinic	100,000.00
Northeast Children trustfund	3,000,000.00
Little Sisters of the poor	50,000.00
The Bricon Foundation	300,000.00
Nig Nat Comm uwc	250,000.00
DOAM foundation	500,000.00
	4,650,000.00
	==========

In accordance with Section 38(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004 no donation was made to any political party, political association or for any political purpose in the course of the period under review.

Suppliers
The Company's significant overseas and local suppliers are:

Overseas:	Alumetal International S.A
	Edilnol Srl
Local:	Lafarge Cement Plc
	Dangote Cement Plc
	General BM Ltd
	Italian Marble & Granites Limited
	Prime Alpha Petroleum Ltd.
	Saba Steel Industrial Ltd
	Motor Parts Industries Nigeria Ltd

The Company is not associated with the local or overseas suppliers and obtains all its materials at arm's length. Board approved transfer pricing policies between the company and its related entities are operational in accordance with the code of corporate governance and The Income Tax Act (Transfer Pricing Regulations) No 1, 2018. The Group's transfer pricing policy statements are stated on page 36 to 37 of this annual report.

Employment and employees:

Employment of disabled persons
Due to the nature of the Company's operations which involve the use of heavy and high speed machinery, the areas where disabled persons can be safely employed are limited to administrative and allied functions and opportunities are availed. However, it is the Company's policy that there should be no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

Health, safety and welfare
The Company maintains a well-equipped clinic, which is being run by qualified medical personnel. The medical facility is visited by a qualified medical practitioner for oversight checks. In addition, the Company has retainer agreements with adequate number of private hospitals run by qualified medical doctors, to whom serious cases of illness are referred for treatment and/or admission. Hygienic and well maintained canteen facilities are available for all staff.
Employees' involvement and training

The Company attaches great importance to training and in particular, due to the nature of its activities, a number of staff are trained on the job. All categories of staff attend courses or seminars as considered necessary by the Company's management. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonuses, promotions, wages reviews, etc. Employee relations were stable and cordial in the year under review.

Statutory Audit Committee
The members of the Statutory Audit Committee, appointed at the Annual General Meeting held on October 16, 2018, in accordance with Section 359(3) of CAMA were:

- Chief T.A. Adesiyan
- Mrs. A. Shoewu
- Cav. E. Calvino
- Mr. L.U. Ikenyi

The Committee met in accordance with the provisions of Section 359 of CAMA and will present its report.Worthy of mention is the demise of a member of the audit committee (Mr. Levi U.Ikenyi) who attended the audit committee meeting until 7th August 2018.

Effectiveness of Internal Control System

The Company employs reasonable and appropriate accounting policies in the preparation of its financial statements backed by credible financial records which formed the reliable basis for the preparation of the presented financial statements. The directors through a board committee oversees the development and institution of a sound system of internal control to safeguard the assets of the company and shareholders' wealth. As the Company operates in a dynamic environment, it continuously monitors its internal controls system to ensure its continued effectiveness. In doing this, the Company employs both high level and preventive controls which ensures maximum opportunity for prevention of misleading or inaccurate financial statement, properly safeguard its assets and facilitates the achievement of corporate goals, while complying with relevant laws and regulations.

Events after the Reporting Period
The regulatory reporting and disclosures relating to events after the reporting period is stated in Note 51.

Code of Conduct
The Company's operations are governed by a code of conduct which comprises the core values that are held as a bond with all stakeholders. The Company maintains the highest level of integrity and principles, and subscribe to the highest standard of ethical conduct, which is overall governed by faith in God.

Auditors
The Auditors, Messrs. ***Goldwyns*** (Chartered Accountants), have indicated their willingness to continue in office as auditors to the Company. A resolution will be proposed authorizing the Directors to determine their remuneration.

LAGOS NIGERIA
25th July, 2019

BY ORDER OF THE BOARD

A.O. Abiru (Mrs)
FRC/2013/ICSAN/00000003280
Marina Nominees Limited
Company Secretaries

CORPORATE GOVERNANCE REPORT

Cappa and D'Alberto Plc has embraced the tenets of good corporate governance which are reflected in its practices, processes and structures.

The Board of Directors

The Board of Directors of the Company is composed of professionals in the core activities of the group in order to ensure that the required knowledge base is available at all times within the group to sustain its operations, formulate good policies for competitive advantages and innovation.

The group maintains separate roles for the Chairman and the Managing Director for effectiveness and to ensure that there are adequate controls within the Company.

The Board comprises of a non-executive Chairman, an executive Managing Director/Chief Executive Officer, two other executive Directors and five non-executive Directors whose responsibility it is to ensure the proper running of the Company in a regulation compliant environment.

The roles and responsibilities of the Board include but are not limited to the following:

- Setting overall group objectives and policies aimed at maximizing shareholders values
- Approval of strategic plans and financial statements
- Approval of appropriations and distribution of profits
- Designing and maintenance of internal controls
- Determination and implementation of matters reserved for the general Board

The Board meets regularly and as often as the need arises but not less than four times per year. The Board met four times during the year on the following dates with majority of the Directors and the Company Secretaries in attendance:

(1) 26th April, 2018
(2) 19th July, 2018
(3) 16th October, 2018
(4) 31st January, 2019

The details of attendance of Directors at Board meetings are as follows:

Directors	26/04/18	19/07/18	16/10/18	31/1/19
Franco Gianotti	Represented	Represented	Present	Present
Giovanni Mello Grand	Present	Present	Present	Present
Cav. Enrico Calvino	Present	Present	Present	Present
Comm. Giulio G. Gianotti	Represented	N/A	N/A	N/A
Bruno G. Cappa	Present	Present	Present	Present
Gian P. Salgarella	Present	Present	Present	Present
Engr. (Chief) Abayomi Kiyomi	Present	Present	Present	Present
Levi U. Ikenyi	Present	Present	Present	N/A
Chief Ademola R. Seriki	Represented	Present	Present	Present
Adetokunbo Coker	Present	Present	Present	Present
Abdul-Refiu B. Adewale	N/A	Present	Present	Present

- *Mr. Abdul-Rafiu B. Adewale was appointed a Director of the Company on 19th July, 2018.*
- *Comm. Giulio G. Gianotti died on 15th July, 2018.*
- *Mr. Levi U. Ikenyi died on 16th November, 2018*

The Board of Directors of the Company also discharges some of its functions through a number of committees who report regularly to the Board. These committees are:

The Audit Committee

The Audit Committee is made up of two representatives of the shareholders, one non-executive and one executive Directors. The committee carries out its function in accordance with the provisions of section 359(6) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria and the Securities and Exchange Commission's Code of Corporate Governance. The Audit Committee met four times during the year under consideration on 16th July, 2018, 7th August 2018 and 29th January, 2019 and 14th March, 2019 in furtherance of their duties with the elected members and the representative of the Company Secretaries in attendance.

Details of attendance at Audit Committee Meetings are as follows:

			16/07/2018	**7/08/2018**	**29/01/2019**	**14/03/2019**
Timothy A. Adesiyan	-	Member	Present	Present	Present	Present
Cav. Enrico Calvino	-	Director	Present	Present	Present	Present
A. Shoewu (Mrs.)	-	Member	Present	Present	Present	Present
Levi U. Ikenyi	-	Director	Present	Present	N/A	N/A

Levi U. Ikenyi died on 16th November, 2018

Responsibilities

a. Review the independence, experience, qualifications and performance of the auditor, including the lead audit partner; and

b. Oversee the auditors' work, including investigating and resolving any disagreements between senior management and the auditors regarding financial reporting or the internal audit function.

c. Review the external auditors' proposed audit scope, plan/approach, including coordination of audit effort with internal audit;

d. Review and evaluate the performance of the external auditors;

e. make recommendations to the Board in regard to the appointment, removal and remuneration of the external auditors of the Company; and

f. Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services and discussing relationships with the auditors.

g. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigations and follow-up (including disciplinary actions) of any instances of non-compliance;

h. Review the process of communicating the code of conduct to Company personnel and monitor thereto; and

i. Obtain regular updates from management regarding compliance matters.

j. Consider significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;

k. Review the results of the audit exercise with management and the external auditors, including any difficulties encountered;

l. Consider the annual financial statements to see whether they are complete and consistent with information known to the Committee members, and whether the financial statements reflect appropriate accounting principles;

m. Deal with all matters required to be communicated to the Committee under "generally accepted auditing standards" with management and the auditors.

n. Consider the effectiveness of the Company's internal control system, including information technology security and controls; and

o. Understand the scope of external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations together with management's responses.

p. Regularly report to the Board of Directors about the Committee's activities, issues and related recommendations; and

q. Report annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged and any other information required by law.

r. Perform other activities related to this charter as requested by the Board of Directors;

s. Review and assess the adequacy of the Committee Charter biennially and request the Board's approval for proposed changes and ensure appropriate disclosures as may be required by law or regulation;

t. Confirm annually that all responsibilities outlined in the Charter have been carried out; and

u. Evaluate the performance of the Committee and individual members on a regular basis.

Executive Management Committee

The Executive Management Committee is comprised of the following members:

1.	Mr. Bruno Cappa	-	Chairman
2.	Mr. Giovanni Mello Grand	-	Managing Director
3.	Cav. Enrico Calvino	-	Executive Director - Finance
4.	Mr. Gian P. Salgarella	-	Director

Roles and Responsibilities

1. Development of the broad objectives of the Group into actionable plans
2. Interpretations and implementation of the broad policies of the Group as laid down by the Board of Directors

3. Development of strategies for the execution of the actionable plans of the group for the attainment of the overall objectives of the group
4. Staff administration
5. Operations management

Finance and General Purpose Committee

The Finance and General Purpose Committee is comprised of the following members:

1.	Mr. Bruno G. Cappa	-	Chairman
2.	Mr. Giovanni Mello Grand		
3.	Cav. Enrico Calvino		
4.	Mr. Abdul-Rafiu B. Adewale		

Details of attendance at the Finance and General Purpose Committee meetings are as follows:

	16th Jan, 2019
Bruno G. Cappa	Present
Giovanni Mello Grand	Present
Cav. Enrico Calvino	Present
Abdul-Rafiu B. Adewale	Present

The Committee also held meetings on 9th April, 2019 and 18th July, 2019 after the year ended 31st March, 2019.

Roles and Responsibilities:

i. Approval of projects and the underlying proposals;

ii. Evaluation and approval of third party arrangements;

iii. Development of a risk management framework for the company;

iv. To promote the company's risk management and to ensure that the risk management process and culture are embedded throughout the company.

v. Ensure the implementation and compliance with the company's Risk Management Policy;

vi. Work with the Company's management in the preparation of the statement of risk Management for inclusion in the Company's Annual Report and to recommend the same for the approval of the Board;

vii. Ensure that the risk management framework is integrated into the day to day operations of the company and provide guidelines and standards for administering the acceptance of on-going management of key risks such as operational, financial, market, technology and compliance risk;

viii. Consider matters related to the identification, assessment, monitoring and management of risks associated with the operations of the Company;

ix. Oversees the development and implementation of internal compliance and control systems and procedures to manage risk as well as assessing and monitoring the effectiveness of the controls instituted;

x. Review and make recommendations to the Board in relation to risk management and compliance with Risk Management Strategy by the Company.

xi. Monitor and refer to the Board any instances involving material breaches or potential breaches of the Company's Risk Management Strategy;

xii. To request information on risk management sufficient to assure the Committee that risks are being addressed by Management in line with the Board's risk strategy and at least: (i) At each scheduled meeting, update on the Company's risk management activity (ii) Quarterly report and update the Board on key risk management issues as well as ad-hoc reporting and evaluation on investment proposal (iii) Once per annum, deliver a summary report on risk management across the Company, outlining its key risks strategies and the mitigating control and (iv) Deliver annually a summary report on the strategy and objectives for improving risk management across the Company.

Governance and Remuneration Committee

The Governance and Remuneration Committee is comprised of the following members:

1. Engr. (Chief) Abayomi Kiyomi - Chairman
2. Bruno G. Cappa
3. Engr. Adetokunbo Coker
4. Abdul-Rafiu B. Adewale

Details of attendance at the Finance and General Purpose Committee meetings are as follows:

	17th Jan, 2019
Engr. (Chief) Abayomi Kiyomi	Present
Bruno G. Cappa	Present
Engr. Adetokunbo Coker	Present
Abdul-Rafiu B. Adewale	Present

The Committee also held meetings on 9th April and 15th July, 2019 after the year ended 31st March, 2019.

Roles and Responsibilities:

i. Develop a criteria for the Board and Board Committee membership;

ii. Review candidates' qualification and any conflict of interest in their appointments;

iii. Evaluate the contribution of current directors in connection with their re-nomination and make recommendation the Board;

iv. Prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;

v. Make recommendations to the Board on the Company's policies and structure for remuneration of Directors;

vi. Establish a formal and transparent procedure for developing policies on remuneration of Directors;

vii. Make recommendations to the Board on the remuneration of non-executive directors;

viii. Determine the specific remuneration packages of all directors including fees, salaries, allowances, options, benefits in kind and compensation, subject to the approval of the Board;

ix. In the formulation of the remuneration policies, consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions and desirability of performance-based remuneration;

x. Ensure that such policies reflect competitive remuneration and that remuneration is at a level which will enable the company to attract, retain and motivate directors and senior management of appropriate caliber;

xi. Periodically and as necessary review the Board structure, size, composition, (including the skills, knowledge and experience) taking into account the balance between the executive and non-executive directors, independent and non-independent Directors and make relevant recommendations to the Board;

xii. Recommend independent non-executive director(s) having regard to paragraph 5.5 of the Code of Corporate Governance for Public Companies in Nigeria 2011 and other salient factors and ensure that the maintenance of the independent element on the Board;

xiii. Develop the criteria and procedure for selection of Directors subject to the approval of the Board and identify and make recommendations to the Board on appointment of new Directors;

xiv. Ensure the establishment of a succession plan for the company in particular for the positions of the Chairman of the Board and the Chief Executive Officer;

xv. Ensure the Board conducts an annual evaluation of its performance;

xvi. Recommend policies and structures for effective corporate governance in line with best practices;

xvii. Have due regard to the principles of good corporate governance including the provisions of the Code of Corporate Governance for Public Companies in Nigeria 2011, in carrying out its duties;

xviii. Review its performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and make recommendations to the Board.

Risk and Contract Management Committee

The Risk and Contract Management Committee is comprised of the following members:

1. Chief A.R. Seriki - Chairman
2. Mr. G. Mello Grand
3. Cav. E. Calvino
4. Mr. G.P. Salgarella
5. Engr. Adetokunbo Coker

Details of attendance at the Risk and Contract Management Committee meetings are as follows:

	17th Jan, 2019
Chief A.R. Seriki	Represented
Mr. G. Mello Grand	Present
Cav. E. Calvino	Present
Mr. G.P. Salgarella	Present
Engr. Adetokunbo Coker	Present

The Committee also held meetings on 9th April and 15th July, 2019 after the year ended 31st March, 2019 under consideration.

Role and Responsibilities:

i. Approval of projects and the underlying proposals;

ii. Evaluation and approval of third party arrangements;

iii. Development of a risk management framework for the company;

iv. To promote the company's risk management and to ensure that the risk management process and culture are embedded throughout the company.

v. Ensure the implementation and compliance with the company's Risk Management Policy;

vi. Work with the Company's management in the preparation of the statement of risk Management for inclusion in the Company's Annual Report and to recommend the same for the approval of the Board;

vii. Ensure that the risk management framework is integrated into the day to day operations of the company and provide guidelines and standards for administering the acceptance of on-going management of key risks such as operational, financial, market, technology and compliance risk;

viii. Consider matters related to the identification, assessment, monitoring and management of risks associated with the operations of the Company;

ix. Oversee the development and implementation of internal compliance and control systems and procedures to manage risk as well as assessing and monitoring the effectiveness of the controls instituted;

x. Review and make recommendations to the Board in relation to risk management and compliance with Risk Management Strategy by the Company.

xi. Monitor and refer to the Board any instances involving material breaches or potential breaches of the Company's Risk Management Strategy;

xii. To request information on risk management sufficient to assure the Committee that risks are being addressed by Management in line with the Board's risk strategy and at least: (i) At each scheduled meeting, update on the Company's risk management activity (ii) Quarterly report and update the Board on key risk management issues as well as ad-hoc reporting and evaluation on investment proposal (iii) Once per annum, deliver a summary report on risk management across the Company, outlining its key risks strategies and the mitigating control and (iv) Deliver annually a summary report on the strategy and objectives for improving risk management across the Company.

Responsibility of Directors for Annual Financial Statements

The Companies and Allied Matters Act requires the Directors to prepare financial statement for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004.

ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud, errors and other irregularities; and

iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with provisions of the:

- Statements of Accounting Standards issued by Financial Reporting Council of Nigeria.
- National disclosure requirements and allied rules issued by the Financial Reporting Council of Nigeria.
- International Financial Reporting Standards.
- Companies and Allied Matters Act CAP C20 LFN 2004.

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

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

Attestation

The Directors assert that all the assets and liabilities of the Group have been reliably measured and stated within the identifiable elements in the financial statements.

Engr (Chief) Abayomi Kiyomi
Director

Abdul Rafiu B. Adewale
Director

Company Secretary's Certification

Marina Nominees Limited acted as the Company Secretary to Cappa and D'Alberto Plc for the financial year ended 31st March 2019 and subsequent thereto.

In accordance with the provisions of section 298(1) (b) and (c) of the Companies and Allied Matters Act of Nigeria CAP C20 LFN 2004 as amended, I A.O. Abiru on behalf of Marina Nominees Limited certify and assert as follows:

1. Annual returns - The annual returns of the Company have been filed with the Corporate Affairs Commission in accordance with the provisions of Sections 374 and 375 of the Companies and Allied Matters Act Cap C.20 LFN 2004. All such returns have been lodged within the requisite timeframes specified in the Act and that the returns are true, correct, devoid of any misrepresentations and up to date in all material particular.

2. Register of members - The register of members of the Company is maintained in the manner specified in Section 83-91 of the Companies and Allied Matters Act Cap C.20 LFN 2004 and kept at the address of the Registrars to the company (Section 84(b).). This register was made available for inspection in the period and this register was not closed for a period of more than 30days in the year (Section 89).

3. Minutes of proceedings - In accordance with Sections 241 and 242 of the Companies and Allied Matters Act, Cap C.20 LFN 2004 the minutes of proceedings of the company at general meetings and minutes of proceedings at meetings of the directors including register of attendance at directors' meetings are maintained and kept at the registered address of the Company. These minutes were made available for inspection by members without charge.

4. Directorship – Other than the changes relating to Section 259 of the Companies and Allied Matters Act- 1990 the changes in the composition of the Board of Directors is stated in the Directors report and lodged with the Corporate Affairs Commission.

5. Dividends - The directors are obligated to comply with Rule 137 of the Securities and Exchange Commission in the administration of dividends declared and approved at the annual general meetings. The schedule of unclaimed dividends and the interest accrued on its dedicated account in the period have been presented in the annual report as an annexure.

Marina Nominees Limited, as Company Secretaries, have not exercised without authority any powers vested in the directors of the Company.

A.O. Abiru (Mrs.)
FRC/2013/ICSAN/00000003280
Marina Nominees Limited
Company Secretaries

25TH July, 2019

GOLDWYNS
CHARTERED ACCOUNTANTS
& BUSINESS ADVISERS

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Off QMB Builders Mart Road
(By Elf Bus Stop)
Lekki Phase 1, Lekki -Lagos

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+234-1-454-4409, +234-815 809 4270
E-mail: Info@goldwyns-ng.com
Website: www.goldwyns-ng.com

Independent Auditor's Report

To the shareholders of
Cappa and D'Alberto Plc.

Report on the Audit of the Group Financial Statements For the Period Ended 31st March 2019

Opinion

We have audited the group financial statements of Cappa and D' Alberto Plc for the reporting period ended 31st March 2019, which comprised the consolidated and separate statements of financial position as at March 31, 2019, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year ended and notes to the consolidated and separate financial statements including a summary of significant accounting policies adopted by the Directors of the Group in the preparation of the financial statements for the period.

In our opinion, the accompanying financial statements present fairly, the group financial position of Cappa and D' Alberto Plc as at March 31, 2019, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies and Allied Matters Act Cap. C20 LFN 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a credible basis for our opinion.

Material Uncertainty Related to Going Concern

We have independently evaluated management's financial representations on the going concern status of the Company and all other matters and risks that could cast doubts on the ability of Cappa and D'Alberto Plc to continue to operate as a going concern. We have concluded that these matters and risks do not constitute significant risks to the ability of the Company to continue to operate as a going concern. We received legal representations from the Legal Advisers to the Company in respect of certain litigations in which the Company is involved in and we have relied on theses representations in part in coming to our conclusions on the risks associated therewith.

Key Audit Matters

In accordance with International Standards on Auditing 701, key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group for the current reporting period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

1. Investment Property – The Company holds certain items of real estate that are designated in the financial statements as investment properties. The regulating standard IAS 40 permits investment properties to be accounted for using either the fair value model or the cost model. The Company accounts for this using the cost model. Under the cost model approach the standard requires a disclosure of the market value of such items of investment properties. Although the standard does not mandate a professionally conducted valuation of such properties the Company has not conducted an independent valuation of these properties in this reporting period and the comparative financial period.

   The market value of these properties have been validated for the purpose of these financial statements with historical and market information of these properties in the real estate sector and impacted by other inputs like inflation rate and interest rates

   The company's representation in respect of this is stated in note 65 of this annual report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with international financial reporting standards and the Companies and Allied Matters Act Cap C.20 LFN 2004 and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercised professional judgement and maintained professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control

- Evaluate the appropriateness of accounting policies adopted by the Management in the preparation of the financial statements and reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

We report to you based on our audit and the requirements of the Companies and Allied Matters Act Cap C.20 LFN 2004 that:

1. Compliance with the Companies and Allied Matters Act 1990 – The Company complied with the provisions of this Act in preparing the financial statements for the period and filed all returns due with the Corporate Affairs Commission.

2. Compliance with Securities and Exchange Commission - For the purposes of S.44 (3) of the Financial Reporting Council of Nigeria Act 2011, the corporate governance policies and procedures adopted by the company and the corporate governance report enclosed with the financial statements are satisfactorily compliant with the requirements of the corporate governance code issued by the Securities and Exchange Commission (SEC).

3. Compliance with Financial Reporting Council Act 2011 – The Company complied with the requirements of this Act and filed all returns with the Financial Reporting Council as well as paid all dues.

4. Compliance with Money Laundering (Prohibition) Act 2004 – There were no reportable irregularities in the terms of the Money Laundering (prohibition) Act 2004 as far as it appears from our examination of the financial records of the Group.

5. Compliance with the Pension Reform Act – 2014 – The Company complied with the Pensions Reform Act and the financial obligations due thereon.

Anthony A. Molade (FCA,MBA)
FRC/2013/ICAN/00000003138

For and on Behalf of:
Goldwyns (Chartered Accountants)
Plot 9, Gabriel Olusanya Street
Off QMB Builders' Mart Road
Lekki Phase 1
Lagos – Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0943599

25th July 2019

Certification of Financial Statements
Chief Executive Officer & Chief Finance Officer

We the undersigned, acted in the above captioned capacities in the Company for the financial year ended 31st March 2019. This certification is issued pursuant to the provisions of S.60 of the Investments and Securities Act 2007 and the Financial Reporting Council of Nigeria Act 2011.

Responsibilities on Financial Statements and Internal Controls

Our responsibilities on the financial statements, internal controls and internal control policies and procedures include the following:

- Establishment and maintenance of internal control policies and procedures for the company and that:
  - (i) The internal controls have been so designed to ensure that material information about the group are adequately furnished to us as principal officers by others within the group for the year ended.
  - (ii) The effectiveness of the group's internal controls have been continually evaluated during the year and especially in the immediate periods to the Group's financial year end.
- Ensuring that proper accounting records are kept and maintained by the group
- Ensuring that the financial statements comply in all material respects with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004.
- Ensuring that suitable accounting policies are adopted deriving from regulatory Statements of Accounting Standards (IFRSs), and that these are applied consistently.

Financial Statements Attestation

We attest to the following:

- That we have reviewed the financial statements of the Group for the period ended 31st March 2019 and that to our knowledge the financial statements do not contain any un-true statement of a material fact.
- That the financial statements did not omit or state a material fact which would make the financial statements misleading in the light of the circumstances under which the financial statements were prepared.
- That based on our knowledge of the financials and state of affairs of the group for the year ended 31st March 2019, the financial statements and other financial information included in the report fairly represent in all material respects the financial condition and results of operations of the group as at 31st March 2019.
- That all significant deficiencies in the design and operation of the group's internal controls have been properly disclosed and discussed with the Auditors to the Group and the impact of these (if any) have been so depicted in the financial statements.

Nothing has come to our knowledge to suggest that these financial statements contain errors or misstatements that will materially distort the true and fair view of these financial statements for the period.

....	....
Giovanni Mello Grand	Cav.Enrico Calvino
Managing Director	Director of Finance
FRC/2013/IODN/00000004603	FRC/2013/IODN/00000004601

Statement of Directors' Responsibilities

This statement is issued by the Board of Directors on the financial statements of the Group for the period ended 31st March 2019.

The directors are responsible for the preparation of the financial statements that give a true and fair view of the state of affairs of the Company and its subsidiaries at the end of each financial year, the financial performance for that period and comply with the Companies and Allied Matters Act, Cap C20 LFN 2004 (CAMA). In doing so, they ensure that:

- Adequate control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud, errors and other irregularities;
- Ethical standards are maintained and that the Company complies with the laws of Nigeria and the Code of Corporate Governance;
- The terms of reference and procedures of all board committees are determined;
- Proper accounting records are maintained;
- Applicable accounting standards are adhered to;
- Suitable accounting policies are adopted and consistently applied based on International Financial Reporting Standards;
- Judgments and estimates made are reasonable and prudent;
- The going concern basis is adopted, unless it is inappropriate to presume that the Company will continue in business.

The directors accept responsibility for these financial statements, which have been prepared in compliance with:

- The provisions of the Companies and Allied Matters Act, Cap C20 LFN 2004
- The provisions of the Financial Reporting Council of Nigeria, Act No. 6, of 2011.
- The published and applicable International Financial Reporting Standards.

The focus of risk management within the company is on identifying, assessing, managing and monitoring all known forms of risks across the Company and other group entities. While risks cannot be totally eliminated, the directors and management continually endeavor to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviors are applied and managed within predetermined constraints and procedures to effectively manage risks and prevent loss of assets. The governing risk management frame work is reviewed periodically to address changes in all risks faced by the company.

The directors have made an assessment of the Company's ability to continue on a going concern basis based on the supporting assumptions stated in the financial statements, the resources available to the company to finance its operations, the economic climate of its immediate operating environment and have every reason to hold that the Company will remain a going concern into the foreseeable future or at least one year from the date of this statement.

Signed on behalf of the Board of Directors by:

Bruno Cappa	Engr. Adetokunbo Coker
Director	Director

25th July 2019.

Report of the Audit Committee

To the Shareholders of:

Cappa and D' Alberto Plc.

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act CAP C20 LFN 2004, we have reviewed the Report of the Independent Auditors on the financial statements of the Group for the period ended 31st March 2019 and confirm as follows:

1. The accounting and reporting policies of the Group conformed with statutory requirements and agreed ethical practices

2. The systems of internal controls instituted within operations and management are adequate and effectively monitored

3. The scope and planning of the audit for the year ended 31st March 2019, were adequate in our opinion

4. The independent auditors' management report received satisfactory response from the Management.

Timothy A. Adesiyan
Chairman – Audit Committee
FRC/2013/IODN/00000003745

25th July, 2019.

Members of the Audit Committee

Timothy A. Adesiyan
Cav. Enrico Calvino
A. Shoewu (Mrs.)
Levi U. Ikenyi – died on 16th November, 2018

Group Financial Statements

Note:
The accounting policies adopted by the Group in the preparation of these group financial statements set out on pages 38 to 76 and the accompanying notes to the financial statements set out on pages 77 to 110 form an integral part of these group financial statements.

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Notes	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
Revenue from contract with Customers	1	17,343,902	22,136,571	17,345,221	22,138,497
Cost of sales	2	16,061,274	19,884,415	16,061,274	19,884,415
Gross profits		1,282,629	2,252,156	1,283,947	2,254,082
Operating expenses	3	1,912,935	1,783,901	1,907,979	1,775,936
		(630,307)	468,254	(624,032)	478,146
Share of results of joint ventures/associates		-	-	-	-
		(630,307)	468,254	(624,032)	478,146
Other incomes and expenses					
Rental income	4	303,378	312,919	282,258	295,057
Gain/(loss) on sale of non financial assets	5	938	200	938	200
Investment income	6	1,262	1,212	985	1,014
Interest income	7	992,956	771,535	986,771	766,456
Bond charges & other finance cost	8	(13,644)	(38,054)	(13,644)	(38,054)
Exchange differences & other income	9	(5,568)	(21,649)	(5,568)	(21,649)
Expected credit loss	10	(63,453)	-	(63,453)	-
Other Impairment charges & fair value loss/gains	11	-	-	-	-
Provision no longer required	12	31	8,856	31	8,856
Comprehensive income before taxation		585,593	1,503,272	564,286	1,490,026
Income tax expense	13	281,275	(544,208)	274,538	(547,505)
Operating profits for the year after taxation		304,318	2,047,480	289,747	2,037,531
Attributable to:					
Equity holders (owners of the parent)		304,318	2,047,480	289,747	2,037,531
Non-controlling interests		-	-	-	-
		304,318	2,047,480	289,747	2,037,531
Operating profits for the year		304,318	2,047,480	289,747	2,037,531
Basic earnings per share (in Naira)		1.24	8.32	1.18	8.28
Other Comprehensive Income					
Profits for the year		304,318	2,047,480	289,747	2,037,531
Translation differences/currency reserve gains/(losses)	14	-	-	-	-
Fair value gains/losses on OCI financial instruments	14.1	(1,797)	2,561	(850)	745
Revaluation gains/losses on property plant and equipment	16	-	-	-	-
Revaluation gains/losses on cashflow hedges		-	-	-	-
Tax relating to components of other comprehensive income	16.3	3,251	10,426	3,251	10,426
Total other comprehensive income for the year		(5,048)	(7,865)	(4,101)	(9,681)
Total comprehensive income for the year		299,269	2,039,615	285,646	2,027,851
Attributable to:					
Equity holders (owners of the parent)		299,269	2,039,615	285,646	2,027,851
Non-controlling interests		-	-	-	-
Total comprehensive Income for the year		**299,269**	**2,039,615**	**285,646**	**2,027,851**

Statement of Financial Position

	Notes	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
Assets					
Current Assets					
Inventory	17	795,775	576,262	795,775	576,262
Trade receivables	18	2,070,188	1,923,120	2,057,001	1,908,795
Other receivables, assets and prepayments	19	1,275,772	1,905,628	1,273,228	1,903,462
Balances due from related parties	20	2,882	5,876	3,202	6,096
Financial assets	21	-	-	-	-
Fair value through profit or loss	21.1	-	-	-	-
Fair Value through Other comprehensive income	21.2	8,702	10,499	5,446	6,296
Financial assets at amortized cost	21.3	10,250,594	8,207,555	10,250,594	8,157,250
Cash and bank balances	22	7,298,875	9,388,802	7,206,605	9,366,753
Total current assets		21,702,789	22,017,742	21,591,851	21,924,914
Non-Current Assets					
Property, plant and equipment	23	2,487,273	2,542,750	2,487,134	2,542,268
Investment property	25	14,217	14,217	13,007	13,007
Intangible assets	26	2,406	3,454	2,406	3,454
Investments in subsidiaries	27	-	-	586	586
Total Assets		24,206,687	24,578,163	24,094,985	24,484,230
Liabilities					
Current Liabilities					
Contract Liabilities	28	10,089,876	10,306,862	10,072,270	10,292,242
Other payables	29	606,799	52,437	603,137	48,589
Dividend payable	30	114,526	75,221	114,526	75,221
Balances due to related parties	31	14,178	3,313	14,578	3,533
Bank overdrafts	32	60,999	6,304	60,999	6,304
Taxation	33	184,872	1,088,820	178,034	1,083,607
Total Current Liabilities		11,071,250	11,532,957	11,043,544	11,509,496
Non-Current Liabilites					
Deferred taxation	34	141,633	24,667	141,591	24,523
Total Liabilities		11,212,883	11,557,624	11,185,135	11,534,020
Equity and Equity Reserves					
Authorized Share Capital	35	200,000	200,000	200,000	200,000
Issued and paid-up share capital	35.1	123,047	123,047	123,047	123,047
General Reserves		240,972	240,972	239,235	239,235
Other equity reserves		49,617	82,570	26,145	58,151
Retained earnings	35.2	12,580,167	12,573,950	12,521,423	12,529,777
Total equity shareholders' funds		12,993,803	13,020,540	12,909,850	12,950,209
Total Non - Controlling Interests		-	-	-	-
Total Equity		12,993,803	13,020,540	12,909,850	12,950,209
Total Equity and Liabilities		24,206,687	24,578,163	24,094,985	24,484,230
Working capital net assets		10,631,540	10,484,785	10,548,308	10,415,418

Giovanni Mello Grand
Managing Director
FRC/2013/IODN/00000004603

Enrico Calvino
Ex. Director Finance
FRC/2013/IODN/00000004601

Consolidated Statement of Changes in Equity

	Ordinary Share Capital	Currency Reserves	AFS Reserves	General Reserves	Loan Equity Reserves	Revaluation Reserves	Retained Earnings	Total Equity Owners of Parent	Total Equity Non Controlling Interests	Total Equity
	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
	000	000	000	000	000	000	000	000	000	000
Opening Balance 1st April 2018	123,047	8,933	377	240,972	(3,947)	77,207	12,573,950	13,020,540	-	13,020,542
										-
Transition Adjustments on Expected Credit loss							(59,926)	(59,926)	-	(59,926)
Capital:										-
Nominal	-	-	-	-	-	-	-	-	-	-
Share Premium	-	-	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-
Debt Equity Swaps	-	-	-	-	-	-	-	-	-	-
								-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Revaluation Reserves	-	-	-	-	-	(7,053)	7,053	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Fair Value Gains	-	-	(1,797)	-	-	-	-	(1,797)	-	(1,797)
Currency Reserves	-	-	-	-	-	-	-	-	-	-
Deferred Tax on OCI components	-	-	485	-	-	(24,587)	-	(24,103)	-	(24,103)
Transfer From Statement	-	-	-	-	-	-	-	-	-	-
of Comprehensive Income	-	-	-	-	-	-	304,318	304,318	-	304,318
	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(246,094)	(246,094)	-	(246,094)
Back Duty Charges	-	-	-	-	-	-	865	865	-	865
Provision no longer required	-	-	-					-	-	-
Balance 31st March 2019	123,047	8,933	(935)	240,972	(3,947)	45,567	12,580,167	12,993,803	-	12,993,806

	Ordinary Share Capital	Currency Reserves	AFS Reserves	General Reserves	Equity Reserves	Revaluation Reserves	Retained Earnings	Total Equity Owners of Parent	Total Equity Non Controlling Interests	Total Equity
	=N=	=N=	=N=	=N=	=N=		=N=	=N=	=N=	=N=
	000	000	000	000	000		000	000	000	000
Opening Balance 1st April 2017	123,047	8,933	(1,960)	240,972	(3,947)	66,558	10,772,564	11,206,168	-	11,206,168
Capital:										
Nominal	-	-	-	-	-	-	-	-	-	-
Share Premium	-	-	-	-	-	-	-	-	-	-
Bonus	-	-	-	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-	-	-	-
Debt Equity Swaps	-	-	-	-	-	-	-	-	-	-
								-	-	
Transfers	-	-	-	-	-	-	-	-	-	-
Revaluation Reserves	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Fair Value Gains/Financial Instruments	-	-	2,561	-	-	-	-	2,561	-	2,561
Currency Reserves	-	-	-	-	-	-	-	-	-	-
Tax on Component of Equity		-	(224)	-	-	10,649	-	10,426		10,426
Transfer From Statement	-	-	-	-	-	-	-	-	-	-
of Comprehensive Income	-	-	-	-	-	-	2,047,480	2,047,480	-	2,047,480
			-	-	-	-	-	-		-
Dividends			-	-	-	-	(246,094)	(246,094)		(246,094)
Back Duty Charges	-	-	-	-	-	-	-	-	-	-
Provision no longer required	-	-	-					-	-	-
Balance 31st March 2018	123,047	8,933	377	240,972	(3,947)	77,207	12,573,950	13,020,540	-	13,020,542

Statement of Changes in Equity - Company

	Notes	Ordinary Share Capital	Currency Reserves	Fair Value - OCI Reserves	General Reserves	Revaluation Reserves	Retained Earnings	Total Equity
		=N=	=N=	=N=	=N=	=N=	=N=	=N=
		000	000	000	000	000	000	000
Opening Balance 1st April 2018		123,047	(17,713)	(1,343)	239,235	77,207	12,529,777	12,950,210
Transition Adjustments on Expected Credit loss							(59,926)	(59,926)
Capital:								
Nominal		-	-	-	-	-	-	-
Share Premium		-	-	-	-	-	-	-
Bonus issue		-	-	-	-	-	-	-
Share Based Payments		-	-	-	-	-	-	-
Debt Equity Swaps		-	-	-	-	-	-	-
			-	-	-	-	-	
Transfers		-	-	-	-	-	-	-
Revaluation Reserves			-	-	-	-	-	-
Transfer within equity		-	-	-	-	(7,053)	7,053	-
Fair Value Gains / Loss		-	-	(850)	-	-	-	(850)
Currency Reserves		-	-	-	-	-	-	-
Deferred Tax on OCI components			-	485	-	(24,587)	-	(24,103)
			-	-	-	-	-	-
Transfer From Statement			-	-	-	-	-	-
of Comprehensive Income		-	-	-	-	-	289,747	289,747
				-		-	-	
Prior Year Adjustments				-		-	-	
Back Duty Charges		-	-	-	-	-	865	865
Dividends		-	-	-	-	-	(246,094)	(246,094)
Balance 31st March 2019		123,047	(17,713)	(1,709)	239,235	45,567	12,521,423	12,909,850

	Ordinary Share Capital	Currency Reserves	AFS Reserves	General Reserves	Equity Reserves	Retained Earnings	Total Equity
	=N=	=N=	=N=	=N=	=N=	=N=	=N=
	000	000	000	000	000	000	000
Opening Balance 1st April 2017	123,047	(17,713)	(1,865)	239,235	66,558	10,738,340	11,147,602
Capital:							
Nominal	-	-	-	-	-	-	-
Share Premium	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-
Share Based Payments	-	-	-	-	-	-	-
Debt Equity Swaps	-	-	-	-	-	-	-
						-	
Transfers	-			-	-	-	-
Revaluation Reserves				-	-	-	-
Dividends - interim	-		-	-	-	-	-
Fair Value Gains on financial instruments	-		745	-		-	745
Currency Reserves	-	-		-		-	-
Tax on components of equity			(224)	-	10,649	-	10,426
Transfer From Statement				-		-	-
of Comprehensive Income				-		-	-
	-	-	-	-	-	2,037,531	2,037,531
Back Duty Charges							-
Dividends	-	-	-	-	-	(246,094)	(246,094)
Balance 31st March 2018	123,047	(17,713)	(1,343)	239,235	77,207	12,529,777	12,950,210

Statement of Cashflows

	Notes	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
Cashflows from operating activities					
Cash receipts from customers		17,196,834	24,569,475	17,197,014	24,574,028
Cash paid to suppliers for goods and services		18,184,792	25,951,126	18,208,835	25,762,968
		(987,958)	(1,381,651)	(1,011,821)	(1,188,940)
Income tax paid		992,188	(57,623)	997,240	(53,367)
Value added tax paid		(214,519)	(173,974)	(214,519)	(173,974)
Net cash provided/utilized by operating activities		(210,289)	(1,610,684)	(229,100)	(1,415,536)
Cashflows from investing activities					
Investment incomes		1,262	1,212	985	1,014
Property plant and equipment acquired		(502,057)	(470,922)	(502,057)	(470,922)
Intangible assets acquired		-	(4,094)	-	(4,094)
Interest received		992,956	771,535	986,771	766,456
Proceeds from sale of non financial assets		938	200	938	200
Financial instrument		(2,179,579)	(5,868,576)	(2,230,832)	(5,816,454)
Net Cash provided/utilized in investing activities		(1,686,480)	(5,570,645)	(1,744,195)	(5,523,800)
Cashflows form financing activities					
Severance benefits paid		-	-	-	-
Interest paid		(13,644)	(38,054)	(13,644)	(38,054)
Dividend paid		(234,209)	(235,344)	(234,209)	(235,344)
Net cash provided/utilized in financing activities		(247,853)	(273,398)	(247,853)	(273,398)
Net increase/(decrease) in cash and cash equivalents		(2,144,622)	(7,454,727)	(2,221,147)	(7,212,734)
Cash and cash equivalents 1st April		9,382,498	16,837,228	9,366,753	16,579,487
Cash and cash equivalents 31st March		7,237,876	9,382,498	7,145,606	9,366,753

Statement of Transfer Pricing Policy

Cappa and D'Alberto Plc is a public company operating in the building and construction segment of the Nigerian economy. The company was founded in 1932.

The company has two wholly owned subsidiaries namely:

1. Stone Road Properties Limited
2. Igbobi Development Company Limited

These two subsidiaries operate as real estate and property owning and management companies.

Cappa and D'Alberto Plc has interest in other entities and such other related parties falling within the purview of the definition of related parties by the Companies and Allied Matters Act – 2004 and International Accounting Standards 24 as published by the International Accounting Standards Board (IASB).

The following are the identified related parties of Cappa and D'Alberto Plc for the purposes of this transfer pricing policy statement:

1. Stone Road Properties Limited
2. Igbobi Development Company Limited
3. Clay Industry (Nigeria) Limited
4. Construction and Engineering Investment A.G.
5. International Building Investment A.G

Basis of Transfer Pricing

Transfer pricing between these companies identified as related to Cappa and D'Alberto Plc and between the separately identified companies shall be similar to those which would be agreed upon between independent parties. That is to say the group shall as much as practicable, unless a better method will result in better equitable presentation of the transaction the **''Comparable Un-controlled Price Method''** (CUP) shall be employed by all the companies is the group (comparable uncontrolled method being one of the acceptable methods under OECD transfer pricing framework). Any deviation from this method in any circumstance is to be pre-arranged, approved and appropriate Regulatory Authority including the Federal Inland Revenue Services notified on such changes in policy relating to the identified transactions.

The basis used to establish pricing shall be reviewed regularly and documented and this documentation shall be retained for as many years as the relevant transactions are subject to review by fiscal or trade authorities.

Objective

The group's transfer pricing policy objective is that prices set for the transfer of goods, services, loan and other intangibles between the constituent companies are consistent with the group's long term goals and with the tax and trade legislations in the country and other regional countries where some of the identified companies are domiciled.

Responsibility

Every company identified as related parties above to Cappa and D'Alberto Plc being a party to a transaction with another related party in the group (whether or not the financial statements are consolidated herein) is responsible for compliance with this policy.

Business Model
Cappa and D'Alberto Plc is a building and civil Engineering Contractor and obtains input for its construction activities form Clay Industry (Nigeria) Limited while also rendering real estate services for its direct subsidiaries. The company also offers its services to these companies in their respective real estate operations as it relate to new construction and maintenance services.
These activities enable the company to participate efficiently in certain key areas and other factors contributing to its value chain.

Identified Transactions between the group and Transfer Pricing Technique.

Transaction	Comparable Un-Controlled Pricing Technique
Construction Contracts	Local competitive bidding
Services	Negotiated pricing structure
Rent and Leases	Fair value of rent payable at location at the inception of the lease contract
Goods	Current selling prices adjusted where applicable for approved rebates on volume purchases

Legal Framework
In order to document the allocation of roles and responsibilities between the constituent companies in the group and as part of the document of the transfer pricing system the following intercompany agreements are concluded for the types of transactions identified below:

1. Constructions contracts
   This follows through the execution of the competitive bidding process. A formal contract of award is executed between the two or more companies involved in the contract and this subsists till contract completion and defect liability period.

2. Lease
   A formal lease agreement is executed between the transacting companies covering the lease period and documents obligations and other responsibilities under the lease including exit options.

3. Goods
   Sourcing agreements are executed where the relevant materials are expected to be expertly sourced with quality guarantees as well as assurances for uninterrupted supplies. Goods obtainable on a continuous basis as otherwise available to the public are procured in the normal course of business at market price evidenced by an "invoice".

Certification
This policy statement complies in all material respects with the transfer pricing policy document of Cappa and D'Alberto Plc as approved by its Board of Directors.

Group entities

The financial statements presented herewith are the consolidated financial statements and separate financial statements of Cappa and D'Alberto Plc and those of its wholly owned subsidiaries, Igbobi Development Company Limited and Stone Road Properties Limited.

Statement of compliance

The financial statements have been prepared in accordance with subsisting and applicable International Financial Reporting Standards IFRSs and in the manner required by the Companies and Allied Matters Act Cap c.20 LFN 2004, the Financial Reporting Council of Nigeria Act – 2011 and applicable industry guidelines to the extent that these do not conflict with the requirements of International Financial Reporting Standards (IFRSs) except as specifically required in the guidelines and rules issued from time to time by the Financial Reporting Council of Nigeria.

Significant accounting policies

The following are the summary of the principal accounting policies adopted by the Group in the preparation of the Group Financial Statements for the financial year ended 31st March 2019**.**

Bases of Preparation of Financial Statements

The Financial Statements have been prepared under the following bases:

1 Historical cost.
The original monetary value of an economic item as modified where necessary by the revaluations and fair value measurements of certain assets and liabilities as prescribed by the regulating standard of that item in the financial statements.

2 Going concern.
The financial statements have been prepared on the basis that the company is a "going concern". This assumes that the company and group, as an entity, is able to realize its assets and settle its financial obligations in the ordinary course of business and has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

3 Presentation currency
The presentation currency adopted in the preparation of these financial statements is the Nigerian "Naira". In certain disclosures some balances have been stated in foreign currencies but translated into Naira.

4. Functional currency
The functional currency, representing the currency of the immediate economic environment in which the company operates is the Nigerian Naira.

5. Accrual accounting
The Financial Statements of the company have been prepared on accrual basis of accounting except for cash flow information

Accounting year

Each accounting year of the company and all other companies in the group is a period of twelve consecutive months commencing from 1st April of each year to 31st March of the following year.

Consolidation

Consolidated financial statements are the financial statements of the parent company and those of its subsidiaries in the group as though all the companies in the group are a single economic entity. A group therefore refers to a parent (Holding Company) and all those other companies associated with it and on which it has "control". Control within the provisions of International Financial Reporting Standard 10 is held to subsist where all the following conditions are met:

- The parent's power over the investee - power over the investee can be depicted by the parent having existing rights that give it the current ability to direct the relevant activities of the investee company that significantly affect the investee's returns. This could derive from holding the requisite voting rights in the investee company or from contractual arrangements or control over the significant assets of the investee company.
- The parent is exposed to or has rights to variable returns from its investment in the investee company. This is manifested where the parent's returns from its involvement with the investee has the potential to vary as a result of the investee's performance.
- The parent has the ability to use this power over the investee company to affect the amount of its returns in the investee

Investment entity

In circumstances where Cappa and D'Alberto Plc. gains/has control over an entity and such holdings in the entity is established to derive from investment entity relationship, such entity is excluded from consolidation. An investment entity relationship derives where the company:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services
- Commits to these investors that its business purpose is to invest these funds solely for returns from capital appreciation, investment income or both
- Measures and evaluates the performance of substantially all its investments on fair value basis

Loss of control

Where the company loses control in any subsidiary, the company

- Derecognizes the assets and liabilities in that subsidiary from the consolidated statement of financial position
- Recognizes (if any) any residual interest in the subsidiary in accordance with relevant IFRSs
- Recognizes the loss or gain associated with the loss of control.

These consolidated financial statements have been prepared using the **acquisition method.**

Non-Controlling Interests – identified Non-controlling interests within the group are calculated and stated within equity as the aggregate of:

- The amount of the non-controlling interests at the date of original combination
- The amount of the non-controlling interests (share) in the changes in equity since the date of the combination

Goodwill

Any goodwill arising on consolidation is recognized in the group financial statements as a separate class of asset. For this purpose goodwill is recognized as the excess of consideration transferred (measured at fair value) over the net of the acquisition date amounts of identifiable assets acquired and the liabilities assumed (measured at fair value)

Bargain Purchase
Where the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured at fair value) exceed the consideration transferred (measured at fair value); this resulting "gain" is recognized in Comprehensive Income on the acquisition date.

Unrealized Profits and Losses
All unrealized losses and profits on intercompany business transactions between the companies within the group at the consolidation date are eliminated from the group statement of profit or loss and other comprehensive income.

Intercompany Balances
All intercompany balances due to or from the respective companies within the group to or from each other are eliminated from the Group Statement of Financial position.

Ultimate Holding Company
The ultimate holding company in the group is Cappa and D' Alberto Plc. which holds 100% of the voting rights in the share capital of Igbobi Development Company Limited; 100% of the voting rights in the share capital of Stone Road Properties Limited. These consolidated financial statements deals with the financial statements of Cappa and D'Alberto Plc. and these subsidiaries. Investment interests in other entities have been dealt with in accordance with the provisions for such in IAS 27 and IFRS 12 on disclosure of interests in other entities.

Assets
An asset is a resource controlled by the company as a result of past events and from which the company hopes to derive future economic benefits. Within the statement of Financial Position, these assets have been classified into Current Assets, Non-Current Assets and Assets Held for Sale (where applicable).

Liability

A liability is a present obligation of the company arising from past events, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. Within the Statement of Financial Position, this has been classified into Current Liabilities and Non-current Liabilities.

Equity
Equity is the **"residual"** interest in the assets of the company after deducting all liabilities. Non-Controlling interest is accounted for within equity.

Revenue
This represents the gross inflow of economic benefits, to the Company from third parties during the reporting period and those inflows resulting in an increase in the equity amount of the company other than increases relating to further contributions from equity participants or owners.

Inflows of economic benefits to the Company result from the following during the period:

1. Building construction contracts and jobbings
2. Property rental income
3. Facility management services revenues
4. Investment income from quoted and un-quoted entities
5. Interest income

Building Construction Contracts and Jobbing's

Building construction and allied civil works for clients is the main activity of the company. Where the outcome of a contract/project can be reliably estimated, the contract revenue is recognized using the <u>"percentage of completion method"</u> i.e. the percentage of contract completion at the end of the reporting period.

The outcome of a contract will be reliably measured when the following conditions are satisfied:

a. The total contract revenue can be reliably measured
b. It is probable that economic benefits associated with the contract will flow to the Company
c. Both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably
d. Contract costs directly attributable to each contract can be clearly identified and measured reliably to provide a basis for the comparison of actual contract costs with prior estimates.

Measurement Method
The stage of completion of contracts shall be measured by professional surveys of work performed evidenced by client's appointed architect's certificates.

Contract Revenue at Early Contract Stage

During this period, the reliability of any contract outcome estimate is usually doubtful. The Company only recognized revenue to the extent of the costs incurred that are expected to be recovered, most often directly from advance payments received on these contracts.

Losses on "onerous" contracts are recognized in profit or loss irrespective of the stage of completion or whether work has commenced on the contract or not.

Contract Asset.
Where the company has incurred contract costs relating to future contract activity, such costs are classified as Contract Asset provided that it is probable that the costs will be recovered. Uncertified contract works, measured at cost are also classified in Contract Asset. Such measurements are done by professional valuations.

Contract Variation, Recognition Rules

A variation relates to a change in the scope of works in a contract, as instructed by the client. This may result in either an increase or a decrease in specific contract revenue depending on the nature of the change in scope of works.

A variation resulting in an increase in contract scope of works and by implication an increase in contract revenue is recognized when:

i. It is probable that the client will approve the variation and the attendant sum of revenue arising from the variation.
ii. The amount of the revenue can be reliably measured

Contract Claims, Recognition Rules

A contract claim is an amount that the Company has incurred specifically on a contract, such amount not being initially included in the original contract price due to:

i. Delays in contract execution caused by a client nominated sub-contractor
ii. Delays in contract execution caused directly by the client
iii. Changes in project specification, design or materials specification etc.

Such claims are only to be included in contract revenue when:

i. Negotiations relating to the claims have been substantially agreed by all parties to the contract
ii. It is probable that the client will approve/accept the claim
iii. The amount of the claim can be reliably measured at the end of the reporting period

Retentions
Retentions are recognized in profit or loss when they are certified and become collectable/receivable.

Contract Incentives, Recognition Rules

Incentive schemes incorporated into contracts usually relate to additional amounts paid to a contractor if specified performance standards are met or exceeded.

The company includes such incentive payments in contract revenues of qualifying contracts when the following conditions are satisfied:

i. The contract works are sufficiently relevant to give a credible confidence level that the specified performance standard will be met or exceeded.
ii. The sum of the incentive can be reliably measured

In all circumstances, contract revenues is only recognized by the Company when the outcome of a specific contract can be reliably estimated and the works executed have been certified by a client nominated professional.

Contracts Advance Payments

Contract revenue recognition is not influenced by any prerequisite advance payments received by the Company on contracts.

Property Rental Income

Rental income is derived from its investment properties rented out to third parties and evidenced by formal contractual rent agreements drawn up between the Company and the tenants and also detailing the rights and obligations of either party. By general application these rent agreements cover between one to two years contracted period of occupancy with a proviso for renewal at the option of the tenant which must be indicated six months before the expiration of the initial contracted period. The tenant is expected to pay up-front the entire amount due as rent for each contracted period (initial and subsequent).

Rent Revenue Recognition Rule

All rental payments received in advance as a result of this contract obligation on the part of the tenant are deferred and amortized to the statement of comprehensive income or profit or loss account on a straight-line-basis over the contracted period. All un-amortized rental payments received in advance are included in the statement of financial position as liabilities at the end of the reporting period.

Facility Management Services

The company renders maintenance services on specialized buildings and other properties on preventive maintenance basis and programs (on its own properties and third party properties and facilities). Income deriving from this service is categorized into two viz:

- Annual maintenance contract income – this represents the annual contracted management fee which is recognized based on invoices or amortized (where payment has been received in advance) to the Comprehensive income at the end of each month
- Supplies – supplies to the respective properties under maintenance contracts with the company are made on "Charge Back Basis". Invoices for the supplies are raised for all supplies cumulatively on monthly basis and recognized in Comprehensive Income. (Charge back means "actual cost incurred plus contracted markup).

Investment Income (Dividends)

The Company recognizes dividends from an investee Company only when the Company's rights to receive payments have been established, usually when the shareholders of this investee Company has approved the dividends proposed by the Directors at a General Meeting.

Interest on Bank Term Deposits

Interest on term deposits with financial institutions are recognized using the "Effective Interest Rate Method" which states the basis for calculating the **"Amortized Cost"** of the financial asset and the allocation of the interest derived over the relevant period. The amortized cost is the cost at which the specific financial assets are measured at initial recognition.

Inventories

Inventories within the context of the operations of the company are those assets in the form of materials or supplies to be consumed in the ordinary course of executing civil contract works and other operations. Inventories within the Company have the following classifications:

- Building materials – having several other categories
- Spare parts and other accessories
- Tools – small tools, moulds, formworks, scaffolds …etc. excluded from property plant and equipment
- Staff uniforms and safety wears
- Fuel and oils

Cost Composition

The costs of inventories consist of original purchase price, cost of conversion and all such other costs incurred by the company in bringing the items of inventories to their present location and condition.

In this context, these costs will include the following:

- Purchase Price
- Import Duties
- Other Taxes – (excluding those subsequently recoverable)
- Transportation cost
- Handling charges
- Other related costs that can be directly attributable to the acquisition of the inventories.

The costs of items of inventory exclude recoverable taxes from the relevant tax authorities (Input Value Added Tax); trade discount and rebates.

Cost of Conversion

All conversion activities are carried out on project sites and all such costs are therefore included in the contract costs except as may be reflected in the value of contract asset measured at each periodic end. The items of inventory are carried at cost as described under cost above except as may be impacted by valuation at net realizable value.

Costing Model

The company employs the "weighted average cost formula" in costing items of inventory. This formula is applied to all categories of inventory other than in cases of segregated items that are specific to the individually identified projects, such items not being interchangeable.

Periodic Valuation of Inventories

The company states the carrying value of items of inventory at the **lower** of cost and Net-realizable value in the Statement of Financial Position. The excess of the carrying amount of specific items of inventory over their respective net realizable values at period ends is collectively recognized in profit or loss. The measurement of net realizable value is expected to take into consideration any loss that may arise as a result of damage to stock items, obsolescence which could make the carrying cost of items of inventory un-recoverable through use or sale. The company determines the Net – realizable value of items of inventory on the basis of line by line only.

Recognition as Expenses

- The carrying amount of items of inventories consumed in operations is recognized as expense in the period in which the related revenue is recognized.
- The company recognize as expenses the amount of any write – downs to Net-Realizable Value in the profit or loss in the period in which the 'write –down" was made or in the period of loss.
- Items of spares and accessories used up in the operations or contracts activity; maintenance services and other operations of the company are recognized in profit or loss in the period they are consumed.

Any reversal of write down of inventory items arising from increase in net – realizable value is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs and not as an income.

Changes in Accounting Estimates and Prior Period Errors

In compiling the financial statements for the period, the directors have made certain judgements, estimates and assumptions that might have impacted the application of policies and reported amounts of assets and liabilities, incomes and expenses. These estimates, judgements and assumptions are based on empirical facts, historical experience as an operating entity, future expectations and various other factors that are believed to be reasonable and prudent under the circumstances. Actual results may differ ultimately. Further specific information are provided in the notes to the financial statements under each carrying amounts of assets and liabilities, income and expenses to guide users of financial statements in interpreting that item in the financial statements and the financial statements collectively.

Estimates and underlying assumptions of continuing relevance are reviewed on an on-going basis. All revisions to estimates are dealt with in the period in which the estimates are revised or in the manner specified by IAS 8 or IAS 10, as may be applicable.

Recognition and treatment of changes in estimates

Assets, Liabilities and Equity: where a change in estimate gives rise to changes in assets, liabilities or an item of equity, this change is recognized by the company by adjusting the carrying amount of the related asset, liability or equity in the period of change.

Other Changes in Estimates:

Changes in estimates are recognized "prospectively" by including in the profit or loss in:

- The period of change , if the change affects the period only
- The period of change and future period if the change in estimate affects both

Prior Period Errors

These are omissions from and misstatements in the company's financial statements for one or more prior periods arising from a failure to use or misuse of reliable information that was available when the financial statements for those periods were authorized for issue and those reliable information could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors could relate to mathematical mistakes, mistakes in applying accounting policies, oversights and fraud.

Recognition rules and correction of errors

- The company corrects prior period errors by retrospective restatement for the prior periods presented in which the error occurred.
- If the error occurred before the prior period presented, the error is corrected by re-stating the opening balances of assets, liabilities and equity for the earliest prior period presented.
- Where it is impracticable to determine the period specific effects or the cumulative effect of the error the company restates the **"opening balances"** of assets, liabilities, and equity for the earliest period for which retrospective restatement is practicable.

The correction of a prior period error is excluded from profit or loss for the period in which the error is "discovered".

Provisions; Contingent Liabilities and Contingent Assets

Provisions

Provisions represent liabilities whose timing of crystallization is uncertain and the amount involved is also uncertain (i.e. liabilities of uncertain timing and amount).

The liabilities encompassed in this definition relate to a present obligation arising from past events, the settlement of which is expected to result in the outflow of resources embodying economic benefits. The obligating event within this context may be either "legal or constructive"

Recognition and Measurement of Provisions

The company recognizes provisions where there exists a present obligation arising from past event coupled with the existence of conclusive evidence that the company has no realistic alternative to settling the obligation created by the past event. Where no present obligation exists at the end of the reporting period, the company does not recognize any provisions in the financial statements. The provisions made in the financial statements is the best reliable estimate of the expenditure required to settle the present obligation at the end of the reporting period. In assessing the estimate to be made for provisions, the company considers the following:

a. Risk and uncertainties associated with the transaction
b. Future impacting events
c. Discount the provisions where the effect of the time value of money is material.

Measurement Impracticability

Where the company cannot measure with reliability the estimate for the settlement for the liability, the provision is not recognized in the financial statements instead it is disclosed as a contingent liability.

Absence of Resource Requirements - where no future economic resource is required to settle the liability, the provision shall not be recognized in the financial statements.

Periodic Review of provisions Amounts - the company reviews at the end of each reporting period the provisions made so as to reflect “Current Best Estimate” and adjustments made accordingly in the financial statements

Application of Provisions Funds - provisions made by the company is only applied for expenditures for which the provisions were originally made.

Specific Provisions Clauses:
Expected Losses – the company does not recognize future or expected future losses

Onerous Contracts- the present obligation of the company under an ‘Onerous Contact’ is recognized and measured as a provision.

Provisions on Restructuring Programs

Provision shall be made by the company when the Management has provided a detailed formal plan and this plan has been approved by the Directors at a “Board Meeting” and effectively communicated to the affected divisions and staff of the company.

Contingent Liabilities

This relates to possible obligations of the company that arises from past events but whose existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company

Measurement of Contingent Liabilities

The company shall quantify as much as practicable the liability that may result in contingent liabilities having regard to the reliable information at the end of reporting period.

Recognition of Contingent Liabilities

The company shall not recognize contingent liabilities in the financial statements. The quantified amount of contingent liabilities at the end of the reporting period shall be disclosed in the notes to the financial statements

Contingent Assets

This relates to a possible asset that arises from the past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Measurement of Contingent Asset

The company shall quantify as much as practicable the asset that may result from contingent assets having regard to the reliable information available at the end of the reporting period.

Recognition of Contingent Assets

The company shall not recognize contingent assets in the financial statements. The quantified amount of contingent assets at the end of the reporting period shall be disclosed in the notes to the financial statements

Borrowing Costs

The Company may take advantage of the implicit lower cost of finance by employing a mix of both capital and borrowing to finance its operations. The Company may borrow for any or all of the following:

1. Borrowings that is directly attributable to the acquisition, construction or production of a qualifying asset.
2. Borrowings that may be required to finance the operations of the Company in general.

Recognition and Measurement of Borrowing Costs

The company applies the following rules in the recognition and measurement of borrowing costs:

1. Capitalization of Borrowing Costs: The Company capitalizes all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset.

2. Expense off “Borrowing Costs” in Profit or Loss: All other borrowings that may not be attributable to the acquisition of an asset but general in nature are expensed through Profit or Loss as incurred.

Identification of Specific Borrowing costs: The characteristic of specific borrowing cost that may be capitalized may be identified in the light of those borrowing costs that could have been avoided if the underlying asset had not been acquired. *In order words “avoided”*.

Capitalized borrowing costs is adjusted for any investment income derived from the <u>*temporary investment*</u> of the borrowings instead of treating the related specific investment income as a separate investment income or inclusion in global investment income.

Commencement, Suspension and
Cessation of Capitalization of Borrowing Costs

Commencement: The Company commences the capitalization of borrowing costs when it starts incurring expenditure on the asset or incurs borrowing costs.

Suspension: The Company suspends capitalization of borrowing costs during extended periods in which it suspends development of the underlying asset and write-off interest incurred during this period in profit or loss.

Cessation: The Company **ceases** capitalization of borrowing costs when all activities necessary to prepare this asset for its intended use or sale are complete.

Subsequent interests or borrowing costs incurred after this period of substantial completion is dealt with in the profit or loss

Foreign Exchange, Foreign Exchange Transactions and Rates &
Effects of Changes in Foreign Exchange Rates

The company's functional currency representing the currency of the immediate economic environment in which the company operates is the Nigerian Naira (=N=) and the financial statements are being presented using this currency. However certain aspects of the operations of the company involves sales, purchases, services (invisible trade), taxes and levies and allied assets and liabilities that are primarily conducted in foreign currency which means that they are "denominated in foreign currency or require settlement in foreign currency" and must therefore be translated in the financial statements and records into the company's functional currency. Such transactions may relate but not limited to the following:

- *a. Sales and purchases of goods and services whose price is denominated in foreign currency*
- *b. Borrowing or dealings denominated in foreign currency*
- *c. Disposals or acquisition of assets denominated in foreign currency*
- *d. Settlement of liabilities or liabilities incurred in foreign currency"*
- *e. Investments, deposits and balances held in foreign currency*

Initial Recognition and Measurement

Foreign exchange transactions are recognized initially, in the financial records of the company by applying to the foreign currency amount the "spot exchange rate" between the functional currency and the foreign currency at the date of the transaction. *For this purpose the spot exchange rate is the exchange rate obtainable for the immediate delivery of foreign currency* and foreign currency is a currency other than the company's functional currency.

Measurement at end of reporting periods
In view of the fact that currencies' exchange rates in the international markets are dynamic, it is probable that the exchange rate ruling at the date of initial recognition of transactions will be different from that rate obtainable subsequently at the end of the company's reporting period. These differences will necessitate/require the re-measurement of account balances thus:

- a) Monetary Items: - translated using the closing rate of exchange.
- b) Non- monetary Items: - Items measured in terms of "Historical Costs" in a foreign currency shall be translated using the exchange rate at the date of the original transaction.
- c) Non- Monetary Items (measured at fair value) shall be translated using the exchange rates at the date when the fair values were determined.

For this purpose, Monetary Items represents all items, assets or liabilities, receivable or payable in fixed or determinable number of units of currency while the Closing Exchange Rate is the "spot-exchange" rate at the end of the reporting period.

Exchange Difference

The re-measurement of these account balances held in foreign currencies at the end of the reporting period will result in an exchange difference which is the difference resulting from the translation of a given number of units of one currency into another currency at different exchange rate other than that at which it was originally recognized or previously re-measured under this policy.

Exchange Difference Recognition

Monetary Items

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on "initial recognition" during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

Settlement of monetary items – gain or loss to be recognized in profit or loss.

Translation of monetary items – gain or loss to be recognized in profit or loss. The periodic gain or loss should be with reference to that reporting period exchange rate using i.e. the closing rate method until the asset is recovered or liability settled.

Non-monetary items measured in terms of historical cost – The translation of an item of non-monetary nature measured in terms of historical costs is to be made at the "historical exchange rate" when that asset was initially recognized.

Non-Monetary Items Measured at Fair Value

Non-monetary items measured at fair value is translated at the exchange rate when such fair value was measured. This requirement creates a scenario of dual exchange rates in a single item, accordingly 'when a gain or loss on a non-monetary item is partly recognized in other comprehensive income any exchange component of that gain or loss is also recognized in other comprehensive income and conversely when a gain or loss on a non-monetary item is partly recognized in profit or loss on any resulting exchange component is recognized in profit or loss.

Exchange differences arising on monetary items that forms part of the Company's "Net investment" in a foreign entity/operation is recognized in Profit or loss in the separate financial statements of the company.

Foreign Operation

Is a subsidiary, associate or branch of the Company whose activities are conducted in a country or currency other than that of the Company. The incorporation of the results of a foreign operation, subsidiary or joint venture of the Company follows normal consolidation procedures. The functional currency of the foreign operations shall be established and stated using the procedures disclosed in "Measurement at End of Reporting Periods" above where both have the same functional currency. Otherwise the following rules will apply:

Presentation Currency – Group Financial Statements

It is probable that the functional currency of the foreign operations of the Company may not be the same as that of the parent company in Nigeria. It may therefore be necessary to translate the results of the foreign operations using these procedures:

a. Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate of that Statement of Financial Position
b. Income and expenses for each Statement of Comprehensive Income are translated at exchange rates as of the dates of the transaction
c. All resulting exchange differences shall be recognized in Other Comprehensive income
d. Exchange differences arising on monetary items that forms part of the Company's "Net investment" in a foreign entity/operation for the purpose of the Consolidated Financial Statements is recognized first in Other Comprehensive Income and subsequently reclassified from equity to Profit or loss on disposal of the foreign operation.

For this purpose "Net Investment" may include a monetary item that is repayable or receivable to a foreign operation the settlement of which is neither planned nor likely to occur in the foreseeable future.

It is probable that the underlying value of a non-monetary asset may change resulting in a gain or loss. Where such gains or loss are recognized in Other Comprehensive Income the "exchange component" of that change in value is also recognized in Other Comprehensive Income. Where however the gain was recognized in Profit or Loss the exchange component is also recognized in Profit or Loss.

Tax effects on translations and exchange differences

Gains and Losses on foreign currency transactions and exchange differences arising on translating the results and financial positions of a Company or foreign operations may affect or have tax implications. Where this applies the company applies full local laws relating to taxes while deferred tax effects deriving from the variation between the translated carrying amounts of items and their respective "tax bases" are adjusted for as required by International Accounting Standard 12.

Non Co- Terminus Accounts Reporting Period of a Foreign Operation

The company applies the following rules:

i. The foreign operation is required to prepare additional financial statements as of the reporting date of the Company in Nigeria. Where this is impracticable;

ii. The gap between the two reporting periods must not be more than three months, while adjustments are made for significant transactions.

iii. The assets and liabilities of the foreign operations are translated at the exchange rate at the end of the reporting period of the "FOREIGN OPERATION".

Leases

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Right of Use Asset.

The right of Use asset is the lessee's right to use an identified asset over the life of the lease. Upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee

Lease Liability- Initial Recognition

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Lease liability-Subsequent Measurement

The lease liability is subsequently re-measured to reflect changes in the lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).The re-measurements are treated as adjustments to the right-of-use asset

Accounting of Lease by Lessees.

Upon lease commencement a company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, the company measures the right-of-use asset using a cost model, unless:

i) the right-of-use asset is an investment property and the company's fair values its Investment property under IAS 40; or
ii) the right-of-use asset relates to a class of PPE to which the lessee applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued.

The company does not apply revaluation model for any class of property plant and equipment.
Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

Events after the Reporting Period

The financial statements of the company is prepared on the presumption that the Company shall continue to operate as a "going concern". However significant events after the reporting period provide guidance to the Company on the applicability of the principles of going concern in the preparation of its financial statements or whether other basis of accounting would be more appropriate (e.g. liquidation accounting basis deriving from deterioration of its financial conditions or management plans to curtail significantly its scale of operations). In this case a fundamental change to the basis of preparation of the financial statements is required rather than making adjustments to the amounts recognized in the financial statements.

Events after the reporting period are therefore those that relate to those events, favorable and unfavorable that occurred between the end of the reporting period and the date when the financial statements of the Company are authorized for issue.

For the purpose of those, the Company identifies and classifies such events as:

1. Adjusting Events - Relating to those events that provide evidence of conditions that existed at the end of the reporting period.
2. Non - Adjusting Events - Relating to those events that are indicative of conditions that arose after the end of the reporting period.

The Company applies the following rules to these cases:

a. Adjust the financial statements to reflect and recognize events occurring after the end of the reporting period that are deemed "adjusting events".
b. Not adjust the financial statements to reflect or recognize events occurring after the end of the reporting period that are deemed as "non-adjusting events".

Dividends declared for holders of equity by the Directors of the company after the reporting period shall not constitute an adjusting event and shall not be recognized or stated as a liability at the end of the reporting period by the Company. This fact is stated as a note in the financial statements.

Statement of Cash flows
The company prepares a statement of cash flows as part of the financial statements to be included in its annual report and accounts. The Company presents Separate statement of cash flows for the Company and Consolidated statement of cash flows incorporating that of the Company, its subsidiaries.

Presentation Method

The Company adopts the **"Direct method**" format in preparing the statement of cash flows to be incorporated with other financial statements.

These comprise:

a. Cash flows from Operating Activities – deriving from the principal revenue producing activities of the company and other activities of the company and other activities that are not otherwise delineated as investing or financing activities.

b. Cash flows from Investing Activities - deriving from the acquisition and disposal of long term assets and other investments not included in cash and cash equivalents.

c. Cash flows from Financing Activities - that results in changes in size and composition of the contributed equity and borrowings of the Company.

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The resulting cash and cash equivalents at the end of each reporting period are deemed to represent cash on hand and in bank accounts and such other short term highly liquid investments that are readily convertible to "known" amounts of cash and which are subject to an insignificant risk of change in value after conversion.

Foreign Currency Cash flows

The Company records cash flows arising from foreign currency at the Company's "functional currency" by applying to the foreign currency amount the exchange rate between the foreign currency and the functional currency at the date of the cash flow (using rates advised/gleaned from the Nigerian interbank market daily cross rates).

The cash flows of a foreign subsidiary are translated at the exchange rate between the functional currency and the foreign currency at the date of the cash flows using rates advised/gleaned from the Nigerian interbank market daily cross rates.

Cash flows from Interest and Dividends

Reported within the statement of cash-flows under Financing Activities, these are disclosed separately in the statement of cash-flows on separate lines (incorporating different lines for receipts and payments).

Cash flows from Taxation

The Company reports taxation deriving from the following in "Operating Activities" but they shall be so delineated separately:

- Company Income Taxes
- Value Added Tax

Non Cash Transactions

All transactions of the Company that do not require the use of cash or cash equivalents are excluded from the statements of cash flows.

Property, Plant and Equipment

Items classified as property, plant and equipment relate to the capitalized cost of tangible items of assets:

i. Held for use in the daily administration of services and operations, not being equipment and other assets consumed in routine operations and charged directly to "cost of sales"
ii. Held for Rental purposes and
iii. Held for other related administrative purposes

These items of equipment, plant and property are ordinarily expected to be used during more than one reporting period

Classifications of Items of Property, Plant and equipment

The Company maintains the following classes of property, plant and equipment:

1. Leasehold land
2. Freehold land
3. Building properties (on leasehold land)
4. Building properties (on freehold land)
5. Workshop/Office properties – on leasehold land
6. Workshop/Office properties – on freehold land
7. Plants and machinery
8. Furniture and fittings
9. Office equipment
10. Computer equipment
11. Tools and Allied equipment
12. Motor vehicles - commercial
13. Motor Vehicles – Office cars and others

De-Componentization Policy – property plant and equipment are not de-componentized for reporting purposes.

Composition of Cost of Property, Plant and Equipment

The following costs are included in items classified under property, plant and equipment except where they do not separately apply to each specific item:

1. The purchase price including import duties and other non-refundable purchase taxes after adjusting for discounts and other rebates.
2. All identifiable costs that can be directly attributable to bringing the asset to its present location and condition.
3. The estimate of the cost of dismantling and removing the item of fixed asset along with cost of site restoration, the obligation of which was incurred when the asset was acquired and installed.

Measurement Bases for Property, plant and equipment

Items classified as property, plant and equipment are measured in the financial records and financial statements of the Company at their respective costs, while taking into consideration the various elements of costs stated above.

Where an item of asset is acquired but payment for its acquisition is deferred for a prolonged period of time with the consequence that interest charges accrued for the deferred period of payment, the accrued interest incurred is not included in the cost of the asset unless the interest accrued meets the recognition criteria for capitalized finance costs under "borrowing costs" standard and the company opted to apply the provisions of IAS 23.

Where an asset is acquired other than by cash but by an exchange for non-monetary assets or a combination of monetary and non-monetary asset, such asset acquired are measured and recognized at **fair value.**

Where this is impracticable because the exchange transaction lacks "commercial substance", the Company measures the acquired asset at the **"**carrying amount of the asset(s) given up".

Cost Model Accounting for Property, Plant and Equipment - for this purpose the company adopts the "cost model" in accounting for items of property, plant and equipment.

An item of property, plant and equipment initially measured at cost under the basis stated above may be revalued and therefore caused to be treated under the revaluation basis. Where this applies all the items of property, plant and equipment in that class of asset are revalued accordingly.

Depreciation

The Company depreciates on a systematic basis all items of property, plant and equipment. Therefore the Company depreciates all assets and the depreciable amount of each asset is allocated on a systematic basis over its useful life to profit or loss.

Depreciation calculations and allocations of depreciable amounts shall commence only when the asset is available for use**.** That is when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management of the Company.

Periodic Review of Estimated Useful Life of Asset

The Company carries out periodic reviews of estimates of useful lives of assets to establish that initial estimates have not been impacted by obsolescence; damages and unexpected wear and tear due to usage. Where any of these apply with the implication of impacting negatively the initial estimates of consumption, the Company makes immediate recognition of the loss in that period's profit or loss.

Depreciation Method **-** The Company employs the "straight line method" in the calculation of depreciation (the company changed the policy of depreciation from residual method to straight line method in the 2016/2018 reporting period and the requirements of a change in accounting policy as provided in IAS 8 have been so applied. The following assets identified below have not been depreciated in accordance with the straight line method of depreciation.

Leasehold Building Properties **–** the Company depreciates this over the period of the lease.

1. Leased Assets - All assets on lease (Finance Lease) are depreciated over the lease contracted period where the probability of ownership transfer is slim **OR** over the useful life of the asset if this is shorter than the contracted lease period.
2. Land – This is not depreciated by the company

Impairments of Property, Plant and Equipment

Impairment is recognized in the financial statements when the carrying amount of an asset exceeds its recoverable amount. For this purpose the company is guided by the following rules/definitions:

1. Carrying Amount: - The amount at which an asset is stated in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses
2. Recoverable amount: - Is the higher of the fair value of the asset (less cost to sell) and its "value in use".
3. Value in use: - Is the present value of the amount realizable from continuing use of an asset and that realizable on its ultimate disposal.
4. Fair value: - Is the amount for which an asset would be sold or exchanged between knowledgeable willing parties in an arm's length transaction.

The Company carries out impairment tests on its assets at the end of each reporting period and all identified impairments are charged in the profit or loss of that period.

Compensation for Impairments

The Company includes in the profit or loss all compensations from third parties for items of assets impaired, lost or given up, when such compensation becomes receivable. All such compensations are treated as separate economic events by the Company and not allowable in determining the gains or loss deriving from the asset's deposal.

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De-Recognition of Assets

The Company de-recognizes from its financial records and financial statements an item of property, plant and equipment in the event of the following events:

1. Disposal of asset by the Company (i.e. Sale etc.)
2. When no future economic benefits are expected from its use

The Company deals with the gain or loss arising from the disposal of an asset in the profit or loss account.

Gain or Loss on De-Recognition

This gain or loss is determined by the difference between the amount realized on the disposal of an asset and the residual value (i.e. Net Book Value).

Depreciation Rates applied to property, plant and equipment:

1.	Freehold land	0%
2.	Building properties (on freehold property)	5%
3.	Workshop/Office properties – Freehold property	10%
4.	Plants and machinery	15%
5.	Furniture and fittings	10%
6.	Office equipment	10%
7.	Computer equipment	33 1/3%
8.	Tools and Allied equipment	15%
9.	Motor vehicles – commercial	33 1/3%
10.	Motor Vehicles – Office cars and others	25%

Leased Properties

1. Leasehold land - Over the lease period
2. Building properties (on leasehold land) - Over the lease period
3. Workshop/Office properties – leasehold land - Over the lease period

Intangible Assets

An intangible asset is an ***identifiable and separable non-monetary asset*** held by the Company but having no physical substance on which the Company has control and from which future economic benefits are expected to flow to the Company. An item in the financial statements is classified as an intangible asset if it is capable of being separated or divided from the Company and can be sold, transferred, licensed, rented or exchanged either individually or together with a related contract or has arisen from contractual or other legal rights.

The company has only the following class of intangible assets with the following sub-categorizations recognized in the financial statements:

1. Computer software (other than those sold and specifically incorporated into equipment and other assets without which the equipment or asset cannot operate. Implying that the software forms an integral part of the equipment and therefore accounted for under property, plant and equipment.
2. Business application software
3. Engineering software

Initial measurement of Intangible Assets and subsequent expenditure

1. The Company measures all identified intangible assets initially "at cost".

2. All subsequent expenditure incurred on previously recognized items of intangible assets are not added to the carrying amount of intangible asset but recognized in profit or loss as incurred.

3. The cost of an intangible asset recognized in the financial statements comprise its purchase price, import duties and other associated costs of bringing the asset to its intended use.

4. Where payment for the intangible asset is deferred beyond normal credit terms the cost of the intangible asset is held to be the "cash-price" equivalent. The difference between this amount and the total payment ultimately made Is recognized as "interest expense" over this period of the credit, unless this meets the capitalization criteria and the company opted to capitalize the interest in accordance with International Accounting Standard 23 (Borrowing Costs).

Useful life of Intangible Asset

The identified intangible assets of the Company may either have finite useful lives or indefinite useful lives. An asset is deemed to have an indefinite useful life if the asset is expected to generate cash inflows to the company for an indefinite period while on the other hand an intangible asset is deemed to have a definite useful life if the timeframe that it can generate cash inflows to the company is known or the legal right to the use of the asset is time specific.

Accounting Model

The Company adopts the cost model to account for all items of intangible assets. This presupposes that the items are carried at their costs less any accumulated amortization and accumulated impairment losses.

Amortization of Intangible Assets

1. Intangible assets with indefinite useful lives - The Company does not amortize intangible assets with indefinite useful lives.
2. Amortization - Intangible Assets with Useful Lives – the company amortizes on a systematic basis intangible assets with finite useful lives. The depreciable amount of intangible asset with useful life is made on a "straight line basis" and the amortization charge for each period is recognized in profit or loss.
3. Residual Value - The Company amortizes intangible assets with the presumption that the residual values of the assets are zero**.**

The identified classes of intangible assets of the group have been amortized over their respective useful lives as follows:

- Business application software - 4 years
- Engineering software - 4 years

Impairment Losses

The Company shall subject all intangible assets to impairment tests annually. All impairment losses are recognized in profit or loss in the period in which the impairment is identified. Where this impairment relates to an asset previously identified to have indefinite life, each impairment loss is treated as a change in accounting estimate.

Intangible assets of the company are subjected to impairment tests annually whether or not there are indications that the intangible assets are impaired

De-Recognition

Intangible assets are de-recognized in the event of the following:

- On disposal
- When no future economic benefits are expected from their use or disposal

Gain/Loss on De-Recognition

The Company determines the gain on loss arising from de-recognition of items of intangible assets as the difference between the net disposal proceeds and the carrying amount of the assets.

Miscellaneous rules on Intangible Assets

1. The Company will not recognize internally generated goodwill as an intangible asset

2. Internally generated intangible assets: No intangible assets arising from the research phase of an internal project will be recognized in the financial statements or accounts of the Company. They are expensed as incurred.

3. Intangible assets arising from the development phase of an internal project may be recognized in the event of the following :

    1. The asset is technically feasible and the Company can make it available for use
    2. The management's intention is to complete the project and to either use it or sell it
    3. The Company has ability to use the asset or sell it
    4. The Company is able to measure reliably the expenditure incurred during its development.
    5. The Company has adequate technical and financial resources to complete the development of the asset and committed to funding it.

Investment in Associates

The company classifies an investment in another company (Investee) if the company has significant influence over the company (Investee) and that the investee company is neither a subsidiary nor a Joint Venture Operation. The concept of significant influence manifests where the company has power to participate in the financial and operating policy decisions of the investee company but this shall not be control or joint control over those policies and/or where the company holds directly or indirectly (through subsidiaries) 20% or more but not more than 50% in the voting rights of share capital of the investee company.

Accounting Method

The company employs the 'equity method', in accounting for its investments in investee companies classified as associates in the preparation of the consolidated financial statements. This method is employed form the date the investee becomes an associate of the company. While for the purpose of the separate financial statements of the company employs the cost method.

Initial Recognition - Investment in associate shall be initially recognized at **"cost"**

Measurements Subsequent to Initial Recognition

1. The carrying amount of investments in associates is increased or decreased to take account of the company's share of the profit or loss of the investee company after the date of acquisition.
2. The company's share of the profit or loss in the investee company is dealt with in the company's profit or loss from period to period.

Other Comprehensive Income in Investee Company

The carrying amount of the company's investment in the investee company shall be proportionally adjusted for changes from the following as recognized in the investee company's Statement of Comprehensive Income:

- Revaluation Reserves deriving from revaluation of property plant and equipment.
- Foreign Exchange translation differences
- Fair value gains or losses of measurement of financial assets and liabilities.

Losses in Associate Company

1. The company will include and or apply the post – acquisition losses against the carrying amount of the investment in any associate.

2. The company will only discontinue the accumulation of further losses where the company's share of losses in the Investee Company equals or exceeds the carrying amount of its interest in the Associate.

In this scenario, the investment in the investee company shall be in statement of financial position at NIL value but a disclosure is made in the notes to the financial statements to show the movement in value of the investment.

Loss of Significant Influence

The company ceases to apply the 'equity method' of accounting for investment in an associate immediately the "Significant Influence**"** is lost in the investee company.

Subsequent measurement after Loss of Significant Influence

The company on losing significant influence in an associate company accounts for the investment using the 'fair value" basis as applicable to any other "financial assets". Any difference arising between the re-measured fair values of the investment at the date of the loss of significant influence is dealt with in profit or loss account.

Impairment Losses

The company carries out impairment tests on the carrying values of an investment in an associate and recognizes any impairment loss established. Any implied/embedded goodwill in the carrying amount of an investment in an associate is not separately tested for impairment. The entire carrying amount of the investment is subjected to impairment tests at the end of the reporting period.

Any difference arising between the cost of the investment in the associate and the company's share of net fair value of the investee company's **"identifiable assets"** shall be dealt with thus:

1. Goodwill arising thereon is included in the carrying amount of the investment "Goodwill will not be amortized".
2. Any excess of the company's share of the investee company's net assets and liabilities over the investment is included in income. (Bargain Purchase)

Long Term Loans to Associates

Long Term Loans to the associate that are considered in substance and extension of the company's investment in the associate may be included in the carrying amount of the investment in the associate and may be available to absorb accumulated losses incurred by the associate. Long term loans for which adequate collateral exist will be excluded for this treatment.

Investment Properties

The investment properties of the company are real estate properties held by the company, Land or Buildings, for the main objective of earning rentals. Such properties not being held or used for the daily operations of the company or sale in the ordinary course of business or in which in some cases, an insignificant portion is held for use in the ordinary activities of the company.

Accounting Policies and Rules

1. The company will account for items of property classified as Investment Properties using "**cost model".**
2. The company will provide the fair value of all items classified as investment properties at the end of each reporting period even though the cost model is used in the presentation in the financial statements.
3. The company will not classify any interest in property held under an operating lease as an investment property.
4. Any interest in a property secured through the state government and evidenced by a certificate of occupancy or deed of assignment under the "Land Use Act" shall not be interpreted as constituting an operating lease, but a freehold property.

Recognition and Measurement of Investment Properties

Investment properties shall be recognized in the financial statements of the company in the event of the following circumstances:

1. It is probable that future economic benefits that are associated with the investment property will accrue to the company.
2. The cost of the investment property can be reliably measured
3. The Items of property classified as investment property shall be measured initially at its **cost.**
4. All transactions costs directly attributable to the relevant investment properties shall be included in this cost.
5. Where the acquisition of the investment property was an exchange for non – monetary asset or assets or a combination of monetary and non – monetary assets, the cost of such investment property is measured at "***fair value"*** or at the **"carrying amount"** of the asset "**given up"** where measurement at fair value could not be reliably determined.

Depreciation **–** the company will depreciate assets classified into investment properties at the rate of 10% as long as the cost model is used except where the underlying asset is purely land. The company will cease to depreciate investment properties on adoption of the fair value model and recognize periodic fair value changes in profit or loss.

Disposal of Investment Properties

An investment property will be de-recognized i.e. eliminated from the Statement of Financial Position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected therefrom.

Gains on losses arising from the disposal of Investment Property - Gains or losses is determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be dealt with in the profit or loss account.

Compensations received for impairments - All compensations from third parties for investment properties that were impaired, lost or given up are recognized in profit or loss account only when the compensation becomes receivable.

Compensations - received from loss of investment properties or damages are deemed as constituting separate economic events and are treated separately. These will not be available in determining the gain or loss arising from disposal of the asset.

Earnings per share

The earnings per share represents the after tax unit of profits of the company that is attributable to each unit of shares outstanding at the end of the reporting period, within the context of the earnings of the company for the period as may be impacted by adopted accounting policies. The earnings per share is calculated on the basis of the consolidated financial information and presented on the following bases in the financial statements:

1. Basic Earnings per Share and
2. Diluted Earnings per share (where applicable only)

<u>Basic Earnings per Share</u> is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent by the weighted number of ordinary shares outstanding during the period. In determining the earnings attributable to equity holders, the company shall adjust for the following:

1. The after tax amount of any preference dividends or non-cumulative preference shares.

2. The after tax amount of the preference dividends for Cumulative preference shares whether that dividend has been declared or not.

3. Other adjusting items relating to preference shares with Increasing Rate Preference Shares, Preference Shares Schemes and Preference Shares Early Conversion Programs.

The quantum of ordinary shares shall be determined by the weighted number of ordinary shares outstanding during the period (Using a time weighted factor).

<u>Diluted Earnings per share</u> is calculated by adjusting the profit or loss attributable to ordinary equity holders and the number of shares outstanding for the effects of dilutive potential ordinary shares. In this context Earnings shall be adjusted for

1. Any interest recognized in this period related to dilutive potential ordinary shares.
2. Any dividends or other items related to dilutive potential ordinary shares in arriving at profit or loss attributable to ordinary equity holders
3. Any other changes in income or expenses that would result from the conversion of the dilutive potential ordinary shares

The number of shares shall be adjusted for:

1. The time weighted average number of ordinary shares as obtainable before considering the dilutive ordinary shares Plus
2. The weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Related Party Disclosures

Related Parties and Related Party Transactions

This is manifest in a subsisting relationship between the company and other entities where:

1. The company and the other entities are members of the same group with each parent, subsidiary and fellow subsidiary is related to others
2. The other entity is an associate or joint venture of the other entity
3. The company and the other entities are joint venture of the same third party

A related party transaction will therefore be identified in the event of a transfer of resources, services or obligation between the company and its associated related parties regardless of whether a price is charged. The company will independently disclose the following in the financial statements:

1. The company shall identify and separately account for all types of transactions between it and all the other related parties
2. The company shall state the respective balances owed to it or indebted by the other related parties
3. The company shall disclose the approximate profit earned from related parties at the end of the reporting period.
4. The company shall disclose guarantees given on behalf of related parties to other third parties and an estimate of liability that may crystalize from such guarantees given
5. The company shall disclose any loans separately granted to its associated related parties whether or not such loans attract interest charges.

Operating Segments

An operating segment is such distinguishable component or unit within the company from which the company earns separately identifiable revenues and expenses; whose discrete operating results are evaluated by the Chief Decision Maker and whose discrete financial information is evaluated for the assessment of performance and allocation of resources.

Business Segment

Is a component of an entity which whilst operating within the group paradoxically has distinguishable and clearly identifiable risks and returns that are different from those of other classes of business being carried on by the group.

Geographical Segment

Is a distinguishable component of an entity, that may be a foreign entity or operation that operates within a particular economic environment with identifiable risks and returns that are different from those of other components operating in other economic environments.

The following operating segments are identified within the company and accordingly the company shall present the financial information of these segments along with the financial statements incorporating; segment revenue, segment cost of sales, segment operation expenses, segment current assets, segment long term liabilities, segment current liabilities

1. Building contracts and Jobbings
2. Property rental operations
3. Facility management services
4. Investments

Revenue Threshold

The combined revenue of the identified segments shall not be less than 75% of the externally reported revenue of the company as a whole. Where there is a shortfall, the company identifies an additional reportable segment even if this additional segment does not meet the recognition criteria.

Employee Benefits

The company maintains a body of staff for its operations and administrative functions. Employee benefits therefore relate to all forms of **"consideration"** given by the company in exchange for the services to be rendered by this body of staff.

The following are the various categories of employee benefits

a. Short-term employee benefits –These are recurrent periodic benefits that are due to be settled latest within twelve months after the end of the period in which they fall due.

b. Defined Contribution Plans –This is a post-employment benefit plan under which the company pays a fixed monetary contribution currently for future benefits of the employees; usually not below a statutorily regulated threshold, to a separate entity for the ultimate benefit of the staff. Under this plan the company will have no further legal or constructive obligation to pay further contributions if ultimately the "FUND" as held by the "CUSTODIAN" and managed by the Pension Fund Administrator does not hold sufficient assets to pay all employees benefits relating to employee service in the current or prior periods.

c. Termination benefits –Benefits payable to employees as a result of either the company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange of those benefits.

d. Gratuity Scheme –Under this scheme the company pays an employee a lump sum on formal disengagement form the services of the company if the employee meets certain employment criteria as determined by general employment policies of the company or as may be enforced by a national collective agreement. The qualification criteria are principally the minimum length of service in years and employee disengagement salary or period specific salary.

This scheme has been significantly replaced by the national pension scheme and the residual dues to employees are accumulated quarterly in each reporting period and paid along with salaries.

Recognition and measurement of employee benefits

Short term employee benefits

The following benefits are identified:

- Wages salaries and social security contributions –This is measured and recognized according to respective employee's "service contract" and are be recognized in profit or loss when expected services have been rendered by employees. Social security contribution here will relate to such statutory contributions as Employee Compensation Fund administered by National Social Insurance Trust Fund.
- Short term compensated Absences –This relates to benefits such as paid annual leave and paid sick leave falling within the purview of the general employment policies of the company. The company measures the amount payable/due based on the respective employee service contract or general employment policies. Where the provisions of the employee service contract are inconsistent with the general employment policies, the specific staff employment service contract terms prevails. This expense is recognized on "Non accumulating basis" when the absence occurs,
- Profit sharing and bonus plans –This relates to staff incentive scheme usually payable within a period of twelve months after the end of the period in which the employee has rendered the related service. The obligating circumstances for the recognition of this expense in the financial statements of a reporting period shall be the following:
    1. The existence of a standardized formula for calculation the profit sharing or the bonus due
    2. An approval by the Board of Directors
    3. The approval given before the financial statements are authorized for issue.
- Defined contribution plans –This relates to post-employment benefits due to staff from earlier joint contributions made by the company and the staff to a separate entity in the course of respective staff employment with the company. The amount payable shall be measured based on the prescribed percentages in the statutory document giving effect to it (Pension Reform Act

of 2004 – currently 10% of earned income) or such higher percentage the company may volunteer to contribute.

- Employee Life Assurance Policy –This is prescribed by the Pension Reform Act 2004. The company shall take out life assurance policies for all staff with a sum assured of not less than "three times the annual total emolument" of each employee. The life assurance premiums under this are charged to each periodic profits or loss as part of employee benefits.

- Termination Benefits –These relate to employee benefits resulting from premature termination of staff employment contracts by the company or acceptance of an early retirement benefits by an employee or group of employees under a restructuring or redundancy program.The company will recognize the termination benefits if it is committed to terminating the services of an employee or group of employees and willing to pay the resulting termination benefits.

  The company must also have a detailed plan and the plan must have been effectively communicated to the affected employees. The computed termination benefits are recognized in the profits or loss of the period in which the termination notice is given or the period in which the restructuring plan is executed. Where the resulting termination benefits will fall due more than twelve months after the end of the reporting period the computed liability is "discounted".
- Gratuity scheme –Relating to a lump sum payment paid to a disengaging staff on normal retirement. Qualification criteria shall be based on company policy regarding this scheme. The gratuity liability is settled from the accumulated gratuity provisions account. The amount computed for qualifying staff is recognized in the period in which the qualification criteria are met for each employee. Maim qualification criteria and computation elements are the related employee salary, the length of service and other factors contained in current NJIC collective agreement. This gratuity scheme shall not be separately "Funded" but accumulated on quarterly basis and paid out.

- Long Service Award –This is an award to staff that has meritoriously served the company. This is computed on a predetermined formula and recognized as incurred in the financial statements.

Impairment of Assets

An asset is a resource controlled by the company as a result of a past event and from which the future economic benefits embodied in the asset is expected to flow to the company. The company will state the values of assets at no more than the "recoverable values" of the respective assets. Therefore in circumstances where the carrying amount of an asset in the financial statements is higher than its recoverable amount such an asset shall be deemed "Impaired" and the impairment loss recognized in the profit or loss of the period in which the loss is identified.

Impairment tests is carried out on all the assets of the company to ensure that the values of assets as stated in the financial statements are not higher than their recoverable amounts other than inventories; financial assets; investment properties and non-current assets held for sale.

Recognition and Measurement of Impairment Losses

The company shall measure and recognize impairment loss as follows:

1. If the carrying amount of an asset is higher than its recoverable amount, the company reduces the carrying amount of the asset to its recoverable amount. This reduction constitutes the impairment loss and recognized in profit or loss for that period.
2. Identified impairment loss on an asset carried at cost in the financial statements is recognized in the Profit or Loss in the period in which the loss is identified.
3. Identified impairment loss on an asset carried at "Revalued Amount" in the financial statements is treated as a Revaluation Decrease and adjusted accordingly in the Assets Revaluation Reserves Account to the extent to which the balance outstanding for that asset on the Revaluation Surplus Reserves Account can absorb the impairment loss. Any excess of the impairment loss over the balance for that asset in the Revaluation Surplus Reserves account is recognized in the Profit or Loss.
4. After adjustment for an impairment loss the subsequent depreciation charges is adjusted in future periods to allocate the asset's revised carrying amount less its residual value over its remaining useful life.
5. Deferred Tax – any related deferred tax assets or liabilities resulting from the recognition of the impairment loss is calculated in accordance with the International Accounting Standard 12 by comparing the revised carrying amount of the asset with its "Tax Base"
6. Impairment loss recognized on an asset is reversed only if there exists credible changes in estimates and bases thereof used in the determination of the initial impairment loss
7. Goodwill – the company will not reverse any impairment loss recognized on account of goodwill in any circumstance.
8. Intangible Asset with Indefinite Useful Life – the company will not subject this class of Intangible Asset to depreciation but will subject it annually to impairment test.
9. Intangible Asset Not Yet Available for Use – the company will test the Recoverable Amount of an intangible asset not yet available for use annually for impairment.

Taxation

Income tax expense represents the sum of the current tax payable on the results of the reporting period and deferred tax recognition arising during the period. The taxable profits differs from the profits as reported in the financial statements because some income or expense are taxable or deductible in different years or they may not be taxable or deductible at all depending on the provisions of the existing tax laws or specific government regulations (e.g. Executive Orders). The tax liability for current tax expense is based on the provisions of the Companies Income Tax Amendment Act 2007 and the Education Tax Act with current tax rates of 30% of "total Profits" and 2% of "Assessable Profits" respectively.

Deferred Tax

Is expected to be payable in the future years arising from temporary differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profits. This is accounted for using the liability method applied the current enacted tax rate. The carrying amount of any recognized deferred tax asset is reviewed at each reporting period and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Financial Instruments

Financial instruments are contracts that give rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. These financial instruments incorporating financial assets and financial liabilities are recognized in the financial statements when the company becomes a party to the contractual provisions of the instrument.

The following constituting classes of financial instruments are dealt with in the financial statements as follows:

Financial assets – the company measures and classifies financial assets as either measured at amortized cost or fair value on the basis of its business model of measuring the related financial asset. The company measures a financial asset or group of financial asset at amortized cost if the financial asset is held within the business model whose objective is to hold this class of financial assets in order to collect the related contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding. Financial assets could be further broadly classified with the limits permitted by current IFRSs. *The company has fully employ IFRS 9 for this accounting period:*

Fair Value through other comprehensive income

The company shall measure its financial assets at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial assets is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through Fair Value through profit or loss

All Financial assets shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other income comprehensive income

Financial Assets at Amortized Cost

The company shall measure its financial assets at the amortized cost in the event of the following conditions:

(a) The financial asset is held within a business model whose objective is to hold the assets to collect the contractual cashflows linked to the assets and

(b) The contract terms of the asset give rise on specified dates to cashflows that are solely payments of principal and interest

All other financial assets not falling within the purview of measurement under amortized cost are measured by the company a fair value.

Financial liabilities – the company classifies and measures all financial liabilities initially at fair value and subsequently at amortized cost using the effective interest rate method except if the financial liability is measured at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset does not qualify for de- recognition or when the continuing involvement approach applies.

Financial instruments can be seen specifically in terms of cash instruments or derivative instruments. Cash instruments financial instruments are those whose value are directly determined by the markets. They are either securities which are readily transferable or other cash instruments such as loans and deposits.

Derivatives financial instruments derive their values from the values and characteristics of one or more underlying items such as interest rates, exchange rates, yields and market index.

Financial instruments are recognized and derecognized on a trade date where a purchase or sale of the asset or liability is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned and they are initially measured at cost including transactions costs.

Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception) and are subsequently measured at amortized cost using the effective interest rate method.

Offsetting financial instruments

Financial assets and financial liabilities could be offset and the net amount presented in the statement of financial position when and only when the group has a current legally enforceable right to set off the recognized amounts and the group intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

Other financial instruments:

Cash and cash equivalents - This comprise cash on hand, current bank account balances, call deposits and other short term highly liquid investments that are readily convertible to a known amount of cash without significant risk of loss in value. These are measured at amortized cost

Trade Payables - Trade payables resulting from residue outstanding on recurrent business transactions and not interest bearing are stated at their nominal values.

Trade Receivables – resulting from residue of revenue recognized and not interest bearing are stated initially at fair value and subsequently at amortized cost as may be impacted by any amount specifically assessed by management as constituting a balance that is not recoverable arising from an objective evidence. Individual trade receivables are only written off on this basis to the profit or loss.

Financial liabilities and Equity Instruments – financial liabilities and equity instruments issued by the company or other members of the group are classified by their substance of the contract arrangement entered into and the definitions of the financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities and includes no obligation to deliver cash or other financial assets

Impairment of financial assets

The company assesses at the end of each reporting period whether a financial asset or group of financial assets is impaired. The company has replaced its <u>incurred loss model</u> with "<u>expected loss model</u>". This applies to debt instruments accounted for at amortized cost or at fair value through OCI.

Expected Credit Loss

Expected Credit Losses are a probability-weighted estimate of credit losses over the expected life of the financial instrument. It is a product of Exposure at default (EAD), Loss given default (LGD), Probability of Default (PD).

Measurement

An entity shall measure the expected credit loss of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date.

Approaches to computation of Expected Credit loss
IFRS 9 specifies the two approaches to calculating expected credit loss.

General Approach

Depending on the credit risk exposure of the financial assets, the general approach adopts a 3 category impairment model in which each of the financial assets of a company is assessed. The approach is used when the entity obtains:

- Information for estimating debtor's credit risk and identifying its significant increase;
- Information for estimating occurrence of default events within 12 months from the reporting date;
- Information for estimating occurrence of default events within the life of the instrument, their probable outcomes and weights;

The table below depicts stages of financial assets and associated treatments given to each financial assets falling into or migrating into any category.

	STAGE 1	STAGE 2	STAGE 3
Financial Assets	Performing	Under-performing (assets with significant increase in credit risk	Non-Performing (Credit impaired asset with significant credit risk)
Loss Allowance	**12month Expected Credit Loss**	Life Time Expected Credit loss	Life Time Expected Credit loss
Interest Revenue	**On Gross Carrying Amount**	On Gross Carrying Amount	On amortized Cost.

Simplified Approach
This approach does not involve the determination of stages of financial asset because impairment loss is measured at Life time Expected credit Loss for all assets. IFRS 9 permits the use of provisional matrix.

This means the calculation of impairment loss is based on default rate that is to be applied on Group of financial assets.

An entity shall always measure the loss allowance at an amount equal to life time expected credit losses under the simplified approach for:

Trade Receivables without Significant financing components

Contract Assets under IFRS 15 without significant financing components.
Lease receivables (IAS 17 or IFRS 16).

Group's Policy on Expected Credit Loss

The group has adopted the simplified approach to measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables and other financial assets. The provision rates applied are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by industry, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The group has identified inflation rate and gross domestic products (GDP) of the country to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in the factors.

Hedges
The company employs hedge accounting where a hedging relationship is designated at inception as a hedge based on the company's risk management objective and strategy. The provisions of effective hedge have been reversed. A hedge could be either a cashflow hedge or a fair value hedge. Any gain or loss resulting from a fair value hedge is adjusted on the carrying amount of the hedge with a corresponding recognition in profit or loss while any gain or loss resulting from cash flow hedge is recognized directly in equity or the underlying asset.

Fair value measurements
The company employs fair value where other International Financial Reporting standards require or permit fair value measurement or discloses fair value measurement. Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly manner between knowledgeable market participants at the specific measurement date.

Measurement – the company takes in to account the following factors in the measurement of fair value of an asset of or liability:

- The condition and location of the asset
- Restrictions if any attaching to the asset
- The unit of account. An asset or liability measured at fair value could be applied or used as a stand-alone or group of assets. The classification will determine the unit of account for recognition purposes

Market – fair value measurement and recognition is based on the premise that there exists a market where the asset could be sold or liability transferred in an orderly manner. The market could be:

- The principal market
- The most advantageous market or
- That market viewed from the perspective of a market participant

Non-financial assets – in measuring the fair value of non-financial assets the company takes into account the ability to apply the asset at its highest and best use to generate optimal economic benefits. The highest and best use principle is underpinned by the ability to use the asset either as a stand alone or in combination with other assets and liabilities and that these complimentary assets and liabilities are available to the market participant.

Fair value hierarchy:

Level 1 – quoted and unadjusted prices in an active market. Stock Exchanges or Commodities Exchanges.

Level 2 – inputs for valuation under this level relate to those other than quoted prices included under

Level 1 that are observable for the asset or liability directly or indirectly. Inputs for his valuation will include:

- Quoted prices of similar assets and liabilities in active markets
- Quoted prices of similar or identical assets and liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability
- Valuation models

Level 3 – un-observable inputs for the valuation of the asset or liability but still premised on an exit price at the measurement date.

Revised and New International Financial Reporting Standards

This segment deals with the application of new and revised international financial reporting standards that are mandatory. The International Accounting Standards Board (IASB) has issued a number of new standards, amendments to existing standards and new interpretations:

IFRS 9- Effective 1st January, 2018.

The key requirements of the changes to this standard are the following:

- For all financial assets not measured at fair value through profit or loss, these are required to be measured at initial recognition at fair value and adjusted for any transaction costs.
- Debt securities are to be measured at fair value through profit or loss, amortized cost or at fair value through other comprehensive income (OCI) based on the entity's investment model for holding the securities and the contractual cashflows derivable from the securities.
- Fair Value Option (FVO) - the amendment provides for a fair value option that allows financial assets to be designated at fair value through profit or loss if such designation eliminates or reduces accounting mis-match.
- Non-trading equities - the amendment provides an option on equity by equity basis (which is irrevocable) to present the changes in fair value of non-trading equities in other comprehensive income without subsequent reclassification to profit or loss.
- Financial liabilities: where a class of financial liabilities is designated at FVTPOL using the fair value option, the amount of change in fair value of such financial liabilities that is attributable to credit risk must be presented in OCI. The residue must be presented in profit or loss, unless presenting it through OCI will create further accounting mismatch.

Impairment:
The incurred loss model is replaced with "expected loss model". This applies to debt instruments accounted for at amortized cost or at fair value through OCI.

Hedge Accounting
Hedge effectiveness testing is prospective without the 80% to 125% line test in IAS 39.

IFRS 15- Effective from 1st January, 2018.

The new IFRS replaces all existing revenue measurement basis and criteria for measurement in all standards and pronouncements viz:

IAS 11- Construction contract
IAS 18- Revenue
IFRIC 13- Customer loyalty programs
IFIRC 15- Agreements for the construction of real estates
IFIRC 18- Transfer of assets from customers; and
SIC 13- Revenue- Barter transactions involving advertising services

The standard applies to all forms of revenue arising from contracts with customers unless the contracts/revenue are in the scope of other standards such as IFRS 16.

The standard outlines five core principles in recognizing revenue:

- Identify the contract with the customer.
- Identify the performance obligation(s) in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when or as the entity satisfies a performances obligation.

Entities must exercise due judgment and take cognizance of all information available and the circumstances of the contract in applying the step model in recognizing revenue.

IFRS 16- Leases: Effective from 1st January, 2019**.**

The standard replaces IAS 17 entirely and covers all types of leases with limited exceptions. The standard defines a lease as "a contract or part of a contract that conveys the 'right to use' an asset for a period of time in exchange for a consideration". The key factors/elements are:

- The right to control an asset for the period of the lease contract.
- The entitlement to the economic benefits embedded in the underlying leased asset(s) for the period of the lease contract.

These are from the perspective of the lessee:

Accounting by Lessees:

Lessees are required to account for lease contract under a single on-balance sheet model akin to the requirements under accounting for finance lease. Two recognition exemptions are allowed:

1. Leases from low value assets. e.g. consumer products.
2. Short term leases with contract periods of less than 12 months.

3. Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right of use of asset (the underlying lease asset).
4. Lessees are required to re-measure the lease liability upon the occurrence of certain events (e.g. re-measurement of restoration and resulting liability; change in lease term). The impact of changes will be accounted for in both the leased asset i.e. right of use-asset and the lease liability.

Accounting by Lessors:

Accounting for lessor transactions in a right of use contract is substantially unchanged from that of IAS 17.

IAS 12 Amendments
Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarifies that when considering the impact of deferred tax in respect of unrealized losses on debt instruments measured at fair value, the entity needs to consider whether local tax laws restrict the sources of taxable profits against which it may make deductions.

IAS 16 and IAS 38 Amendments
Acceptable methods of depreciation and amortization:

The amendments states that the principle in IAS 16 and IAS 38 that a revenue reflects a pattern of economic benefits that are generated from operating a business; of which the employed assets is a part; rather than the economic benefits consumed through the use of the asset. Accordingly, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment but may in limited circumstances be used to amortize intangible assets.

IAS 16 and IAS 41
Amendments to IAS 16 & IAS 41

The amendments changed the scope of IAS 16 to include biological assets that meet the definition of "Bearer plants". Agricultural produce growing in bearer plants (e.g. fruits growing on a tree) will remain within the scope of IAS 41.

The amendments requires bearer plants to be subject to all the recognition, measurement, condition and requirements of IAS 16 which includes the choice between the cost model and the revaluation model.

Group outlook on new IFRS(s), Amendments and Pronouncements

The summary of the amendments and new IFRS(s) discussed above are those with potential direct impact on the accounting policies of the company are those with limited impact on the company. The International Accounting Standard Board (IASB) has issued other amendments which have not been discussed under this segment of the company's and group's accounting policies.

Notes to the Financial Statements

Notes to the Financial Statements

		Group	Group	Company	Company
1 Revenue		2019	2018	2019	2018
The revenue from contracts comprised:		N' 000	N' 000	N' 000	N' 000
Contract works executed and certified	See Note 50	16,288,116	21,105,047	16,288,116	21,105,047
Jobbings		214,835	228,286	214,835	228,286
Services rendered		840,952	803,237	842,270	805,164
Gross revenue		17,343,902	22,136,571	17,345,221	22,138,497

The company operates principally as a building and civil engineering contractor,therefore,derives its revenue from contract works that are executed and certified by the customers.Jobbings relates to renovation and remodelling works on small contracts completed within a short period of time and facility management services rendered on fully serviced properties.Evidenced by a formal contract,the company recognizes revenue to the point in time when satisfaction of performance obligation is identified and control over the developed /managed properties is certain to have been transferred to the customer in line with terms of contract that are often evaluated to reflect any changes in the outcome of the performance obligation and transaction price.Where applicable,such changes in the estimated revenues are reflected in revenue in the period in which the circumstance giving rise to the revision becomes known. The company has applied the provisions of IFRS 15 on revenue from contracts with customers for the purpose of revenue recognition for the period and has excluded any amount collected as tax burden on behalf of third parties (value added tax). The five stage model of revenue recognition in IFRS15 was fully applied.

	2019	2018	2019	2018
2 Cost of Sales	N' 000	N' 000	N' 000	N' 000
This comprised the following:				
Construction materials and stores consumed	4,451,469	6,426,684	4,451,469	6,426,684
Direct labor cost	3,999,071	3,866,719	3,999,071	3,866,719
Sub-contracts charges	6,178,969	8,087,938	6,178,969	8,087,938
Plant and vehicles running costs	1,431,764	1,503,075	1,431,764	1,503,075
Total cost of sales and change in work in progress	16,061,274	19,884,415	16,061,274	19,884,415
2.1 Analysis of subcontracting expense				
Electrical contracts	1,453,761	2,065,211	1,453,761	2,065,211
Mechanical contracts	2,197,563	4,057,651	2,197,563	4,057,651
Finishing contracts	2,527,645	1,965,076	2,527,645	1,965,076
	6,178,969	8,087,938	6,178,969	8,087,938

Material cost accounted for in cost of sales relate to specific and non-interchangeable items procured for specific contracts and such homogeneous materials issued from stores and charged to specific projects and accounted for in contract costs. While costs of project specific and non-interchangeable materials and equipment are charged as incurred to their related projects other materials cost are charged as issued using the weighted average cost method. Plants cost and vehicles running cost employed directly in construction works are equally accounted for in contract cost accounts as well as direct labor costs. Certain aspects of contracts require specialist skills and technologies beyond the traditional civil engineering capabilities. These aspects require the engagement of other engineering entities who may either be client nominated or company nominated. Notwithstanding these aspects of contracts require them to be coordinated by the company and entitlement to attendance revenues. The cost price of subcontracts are subsumed in the overall contract price with specific payment terms. The components of subcontract costs for the period are as stated in note 2.1 above.The net changes in work in progress is recognized in cost of sales (contract assets).

	2019	2018	2019	2018
	N' 000	N' 000	N' 000	N' 000
3 Operating expenses comprised the following:				
Establishment expenses	519,437	547,090	519,257	543,907
Administrative expenses	1,364,226	1,191,228	1,359,462	1,186,475
Bank charges and commissions	29,273	45,583	29,260	45,554
Total operating expenses	1,912,935	1,783,901	1,907,979	1,775,936

All other costs of operations for the period other than those accounted for in cost of sales and projects cost accounts are classified as operating expenses and classified in the categories stated in note 3 above. Bank charges and commissions included within this category are exclusive of financing costs which are accounted for separately within the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

	Group	Group	Company	Company
	2019	2018	2019	2018

4 Rental income

The company and its subsidiaries have interests in real estates deriving from direct beneficial ownerships of those underlying properties and other interests in the unexpired lease periods of leased properties subleased to third parties in development arrangements with other entities and held as real estate investments for purposes of deriving rental revenue as a business model. For the period ended 31st March 2019, the group and company derived the following revenues from leased properties. All intergroup transactions have been eliminated from the overall result presented in the financial statement.

	N' 000	N' 000	N' 000	N' 000
Rent derived from properties	303,378	312,919	282,258	295,057

Income derived from leased properties from external parties have been measured and amortized to profit or loss on time apportionment basis over the contracted lease periods.

	N' 000	N' 000	N' 000	N' 000
5 Gains/(loss) realized from disposal of non-financial assets:				
Proceeds from sale of non-financial assets	938	200	938	200
Carrying amounts of disposed non-financial assets	0	0	0	0
Gain/(loss) realized on sale	938	200	938	200

Certain items of property plant and equipment identified as obsolete or identified as no longer useful for the operations of the group were scrapped and sold in the course of the period. The excess of the net sale proceeds of individual items of these property plant and equipment over their respective carrying amounts at the time of sale have been recognized as gains on disposal of properties and conversely as a loss where the net sale proceeds are lower than the net book values of the items. The aggregate gains or losses realized on these disposals are dealt with in profit or loss.

6 Investment income

This comprised of dividends received from investments	1,262	1,212	985	1,014

The group has holdings of equities in other entities that are quoted on the Nigerian Stock Exchange and in others that are not listed (unquoted). The dividend income from these holdings have been recognized in the group's financial statements when it is probable the dividends from these entities will be received, usually when the dividends have been approved at the respective annual general meetings of these investee entities. For the purpose of the group the dividend receivable/received from the subsidiaries have been excluded/canceled out in the consolidation process.

	Group	Group	Company	Company
	2019	2018	2019	2018
7 Interest income	N' 000	N' 000	N' 000	N' 000
Interests earned on bank term deposits	868,891	672,286	862,705	667,206
Interests earned on domiciliary account deposits	124,065	99,250	124,065	99,250
Interests earned on debt securities	-	-	-	-
Total interests recognized in profit or loss	992,956	771,535	986,771	766,456

The company invests surplus funds not immediately required for operations in term deposits with financial institutions. The income derived from these investments are remeasured and recognized into comprehensive income using the effective interest rate method. The group also manages its funds actively in the money market to derive maximum benefits from the funds majority of which were invested in short term bank deposits as well as in the over night bank deposits. The interests on these investments have been recognized in profit or loss using the effective interest rate method. The valuation basis of these investments are as stated in note 45.

	Group	Group	Company	Company
	N' 000	N' 000	N' 000	N' 000
8 Bond charges and other finance costs				
APG and other bond fees	13,643	36,168	13,643	36,168
Interest expense	1	1,887	1	1,887
	13,644	38,054	13,644	38,054

The Company secures advance payment guarantees (APG) and performance bonds from deposit money banks and insurance companies, at cost, in the ordinary course of its contracting business. These cost are charged to profits or loss as incurred. These guarantees and bonds secures advance payments received from customers. See note 59

Notes to the Financial Statements

		Group	Group	Company	Company
9	Exchange differences and other incomes	N' 000	N' 000	N' 000	N' 000
	Realized exchange gains / loss	-	-	-	-
	Unrealized exchange gains	-	-	-	-
	Unrealized exchange loss	5,568	21,649	5,568	21,649
	Other incomes	-	-	-	-
		5,568	21,649	5,568	21,649

Unrealized exchange gains resulted from the translation of cash and cash equivalents held in foreign currencies as well as the carrying amounts of other assets and liabilities denominated in foreign currencies at period end using the closing rate method. The net gains and losses disclosed above only relate to that portion permitted to be dealt with in profit or loss. Other translation gains or losses impacting or permitted to be dealt with in other comprehensive income have been so treated.

		Group	Group	Company	Company
		2019	2018	2019	2018
10	Expected credit loss	N' 000	N' 000	N' 000	N' 000
	Trade receivable	12,591	8,337	12,591	8,337
	Other financial instruments	50,862	51,588	50,862	51,588
		63,453	59,926	63,453	59,926

Financial Instruments Disclosure

Financial instruments - as at 31st March 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate-trade receivables					0.0297
Gross carrying amount - Trade receivable	651,268	169,316	61,904	-	882,489
Expected loss rate-bank deposits		-	-	-	2.37
Gross carrying amount - Bank deposits	7,195,845	-	-	-	7,195,845
Expected loss rate-term deposits		-	-	-	1.8
Gross carrying amount - term deposits	7,834,857	-	-	-	7,834,857

Financial instruments - as at 31st March 2018	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate-trade receivables	-	-	-	-	0.0350
Gross carrying amount - Trade receivable	1,333,295	15,629	21,478	-	1,370,402
Expected loss rate-bank deposits		-	-	-	2.37
Gross carrying amount - Bank deposits	9,347,648	-	-	-	-
Expected loss rate-term deposits		-	-	-	2.01
Gross carrying amount - term deposits	3,341,541	-	-	-	

In line with the requirements of IFRS 7 paragraph 35G, the group has classified the expected credit losses from financial instruments based on shared risk characteristics and the days past due.The expected loss rates disclosed above are based on payment profiles of sales in relation to each customer and are adjusted to reflect current and forward looking information on macro economic factors affecting the ability of the customers to settle the receivables as well as recover assets in financial institutions. The Expected credit loss model applied used inputs from categorization of receivables into groups in active market of the Nigerian stock exchange, gross domestic rate contribution at macro level,. Specific assessment of the status of asset holders, ratings provided on deposit money banks as provided by accredited rating agencies and country risk ratings. Weights are attached to these in arriving at the default rates.

		Group	Group	Company	Company
		2019	2018	2019	2018
11	Impairment charges	N' 000	N' 000	N' 000	N' 000
		-	-	-	-

Impairment charges is the excess of carrying amount over the recoverable amount of assets.The recoverable amount being the higher of fair value less cost to sell and Value in use.The group has re-assessed its non financial assets including the witholding tax receivables used to off-set tax liabilities on a line by line basis for possible impairment charges.None of these assets of the group was established to have been impaired as at the end of the reporting period.Accordingly,no impairment has been recognized in the financial statements.

		N' 000	N' 000	N' 000	N' 000
		2019	2018	2019	2018
12	Provision no longer required	31	8,856	31	8,856

Provision no longer required results from all previous recognitions (liabilities) in statement of financial position that in the light of current circumstances / better information on certain lines of entry or entries. the underlying liabilities have been adjudged extinguished and therefore transferred to profit or loss. For the period ended 31st March 2019 the amount so initially designated as provisions and stated in the financial statements have been dealth with in profit or loss in light of audit evidence received on their relevance and probability of the underlying liabilities crystallizing.

Notes to the Financial Statements

		Group	Group	Company	Company
		N' 000	N' 000	N' 000	N' 000
13	Income tax expense	2019	2018	2019	2018
	Per statement of comprehensive income:				
	Company income tax	162,871	467,066	156,460	462,179
	Education tax	22,001	43,089	21,574	42,763
	Under/(over) provision in previous years	-	-	-	-
	Back duty	3,540	11,554	3,540	11,554
	Capital gains tax	-	15	-	15
	Deferred tax recognized	92,863	(1,065,932)	92,965	(1,064,016)
	Charge for the year	281,275	(544,208)	274,538	(547,505)

		N' 000	N' 000	N' 000	N' 000
13.1	Per Statement of Financial Position	2019	2018	2019	2018
	As at 1st April	1,088,820	636,326	1,083,607	632,071
	Tax Adjustment/transfers	(919)	-	(919)	-
	Charge for the year	184,872	510,117	178,034	504,903
	Defrayment with withholding tax credit notes	(1,040,045)	-	(1,039,964)	-
	Tax paid	(47,857)	(57,623)	(42,724)	(53,367)
	Balance 31st March	184,872	1,088,820	178,034	1,083,607

The company income tax for the period has been calculated and recognized in accordance with the provisions of the Company Income Tax Act of 2007 which prescribed a tax rate of 30% of total profits determined in accordance with this tax act and Tertiary Education Trust Fund Establishment Act, which prescribed a tax rate of 2% of assessable profit determined in accordance with the principal income tax act. Capital gains tax is calculated in accordance with Capital Gains Tax Act 1967 and recognized where applicable at 10% of capital gains.

		N' 000	N' 000	N' 000	N' 000
		2019	2018	2019	2018
13.2	Deferred taxation				
	As at 1st April	24,667	1,101,025	24,524	1,098,965
	Deferred tax (reversals) /charges in the year	92,863	(1,065,932)	92,965	(1,064,016)
	OCI - adjustments	20,852	-	20,852	-
	Tax relating to components of other comprehensive income	3,251	(10,426)	3,251	(10,426)
	Balance 31st March (See analysis on note 34)	141,633	24,667	141,592	24,524

Deferred tax is recognized either in profit or loss or in other comprehensive income in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes. It reflects the consequences of the manner in which the Group intends to recover its assets or settle its liabilities. The carrying amounts of assets and liabilities for tax purposes is impacted by the Companies tax acts and other pronouncements of the revenue authority. See note 42.1 on effective tax rates applied.

		N' 000	N' 000	N' 000	N' 000
14	Items in other comprehensive income	2019	2018	2019	2018
	Items reclassifiable to profit or loss:				
	Translation differences/currency reserves	-	-	-	-
14.1	Fair value changes in OCI financial instruments	(1,797)	2,561	(850)	745
		(1,797)	2,561	(850)	745
	Items not reclassifiable to profit or loss				
	Revaluation surplus on property plant and equipment	-	-	-	-
	Revaluation gain/loss on cashflow hedges	-	-	-	-
		-	-	-	-

IAS 1 requires a separate disclosure on items recognized in other comprehensive income for the period and for all such items to be further grouped into those that may be reclassifiable subsequently to profit or loss and those that may not be reclassifiable subsequently to profit or loss. The provisions of the governing standards on specific items recognized in other comprehensive income for the period have been employed in determining this grouping presented above. Accordingly, for the period ended 31st March 2019 the group has not recognized any item that cannot be reclassifiable to profit or loss . The fair value of items of investment property are separately disclosed in note 62 but not recognized in profit or losss on account of the fact that the accounting policy employed is the cost model. No further revaluation were made in the company's other freehold properties in the period.

Notes to the Financial Statements

		Group	Group	Company	Company
		N' 000	N' 000	N' 000	N' 000
15.1	Fair value gain or loss on securities at fair value through Other comprehensive income				
	Quoted equities				
	As at 1st April	7,185	4,604	2,983	2,217
	Stock dividend	-	-	-	-
	Fair value gains	(605)	2,582	343	766
	Fair value losses	-	-	-	-
	Carrying Balance as at 31st March (Per SFP)	6,580	7,185	3,326	2,983
15.1.1	Other Fair Value through OCI securities				
	Unquoted equities				
	As at 1st April	3,313	3,334	3,313	3,334
	Stock dividend	-	-	-	-
	Additions	-	-	-	-
	Disposals	-	-	-	-
	Re-measurements	(1,193)	(21)	(1,193)	(21)
	Carrying Balance as at 31st March (Per SFP)	2,120	3,313	2,120	3,313
	Carrying amount as at 31st March	8,702	10,499	5,446	6,296

Deriving from the investment model of the holdings of the company in other entities, none could be designated or classified as securities held at fair value through profit or loss. Accordingly no fair value changes in the carrying amounts of the investments have been recognized in profit or loss for the period ended 31st March 2019. These holdings are in First City Monument Bank PLC and Clay Industry Nigeria Limited , an unlisted entity.

		N' 000	N' 000	N' 000	N' 000
16	Revaluation gains or loss on property plant and equipment				
	Opening balance	77,207	66,558	77,207	66,558
	Gains or loss during the year	-	-	-	-
	Tax component in OCI	(24,587)	10,649	(24,587)	10,649
	Transfers to retained earnings	(7,053)	-	(7,053)	-
	Carrying Balance as at 31st March 2019 (Per SFP)	45,567	77,207	45,567	77,207

Revaluation surplus relates to the remeasurement of building owned by the company situate at 72 Campbell Street, Lagos and recognized under property plant and equipment.Deriving from a level 3 valuation technique as prescribed by IFRS 13 on Fair Value measurement, this asset is stated at its fair value with the revaluation surplus recognized in other comprehensive income.Further to the revaluation made in the prior period,no other revaluation has been made on this property or any other non current assets of the company during the year for recognition and oscillatory movements in the earlier recognized revaluation surplus. Realized components are treated as movements within equity in the statement of changes in equity on annual basis.

		N' 000	N' 000	N' 000	N' 000
16.1	Tax relating to components of equity				
	Tax components on Financial assets at OCI				
	Opening balance	(135)	88	(135)	88
	Arising during the year	(261)	(224)	(261)	(224)
	Reversals during the year	-	-	-	-
	Tax components as at 31st March 2019	(396)	(135)	(396)	(135)
16.2	Tax components on Revaluation gains or loss on Property plant and equipment				
	Opening balance	14,622	3,973	14,622	3,973
	Arising during the year	3,512	10,649	3,512	10,649
	Reversals during the year	-	-	-	-
	Tax components as at 31st March 2019	18,134	14,622	18,134	14,622
16.3	Summary of deferred tax chargeable to Other Comprehensive income				
	Arising from Financial assets	(261)	(224)	(261)	(224)
	Arising from revaluation surplus	3,512	10,649	3,512	10,649
	Chargeable to Other comprehensive income	3,251	10,426	3,251	10,426

All taxes relating to the items recognized in the other comprehensive income for the period have also been recognized in other comprehensive income for the period at the prescribed rate and in accordance with IAS 12.

Notes to the Financial Statements

		Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
17 Inventory	See Note 47				
Building materials		100,482	99,682	100,482	99,682
Goods in transit		444,979	35,421	444,979	35,421
Staff uniforms and safety wears		1,137	777	1,137	777
Spare parts and accessories		187,408	166,140	187,408	166,140
Fuels and oils		26,011	30,875	26,011	30,875
Contract assets		35,757	243,367	35,757	243,367
		795,775	576,262	795,775	576,262

The company has not pledged any of its items of stocks or group thereof (either as fixed or floating charge) as security for any liabilities or other forms of loans or bank facilities and has not made any adjustment for the reversal of a previous write-down in value of stock. Any reversal of net realizable value of stock items are used to write down the cost of inventories recognized as an expense in the period. Stores issues have been made using the weighted average cost method while the carrying amounts of inventories have been stated at the lower of costs and net realizable values. Contract assets comprise uncertified contract works on project at the end of the reporting period.

		Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
18 Trade receivables					
Contract receivables		878,717	1,565,987	865,530	1,551,662
Service management receivables		27,318	41,423	27,318	41,423
Advance payments to subcontractors		1,164,153	315,710	1,164,153	315,710
		2,070,188	1,923,120	2,057,001	1,908,795
19 Other receivables, assets and prepayments					
Other receivables		431	44,477	5	44,300
Prepaid expenses		105,187	139,246	105,187	139,171
Withholding tax credit notes recoupable	See Note 36	1,170,154	1,721,904	1,168,035	1,719,991
		1,275,772	1,905,628	1,273,228	1,903,462

19.1 Transition Effects of IFRS 9 on Financial Assets Company	Group IFRS 9		Group IAS 39		Company IFRS 9		Company IAS 39	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Trade receivables	878,717	1,551,662	865,530	1,551,662	865,530	1,551,662	865,530	1,551,662
Other financial instruments	17,538,465	17,576,922	17,538,465	17,576,922	17,446,439	17,504,898	17,446,439	17,504,898
Debts measured at Fair value through OCI	-	-	-	-	-	-	-	-
Debts measured at amortized cost	-	-	-	-	-	-	-	-
Investments at Fair Value through Profit or loss	-	-	-	-	-	-	-	-
Expected credit loss recognized on transition to opening retained earnings	59,926	-	-	-	59,926	-	-	-
Expected credit loss recognized for the year to profit or loss	63,453	-	-	-	63,453	-	-	-
Gross carrying amount	18,293,803	19,128,584	18,403,995	19,128,584	18,188,590	19,056,560	18,311,969	19,056,560

	2019 N' 000	2018 N' 000	2019 N' 000	2018 N' 000
20 Balances due from related parties				
Stone Road Properties Limited	-	-	-	-
Igbobi Development Co. Limited	-	-	320	220
Clay Industry (Nigeria) Limited	2,882	5,876	2,882	5,876
	2,882	5,876	3,202	6,096

The balance of trade receivables emcompasses receivables on all the trading activities of the group. The amount classified as advance payments to sub-contractors represents the residue of unrecovered advances made by the company to the client nominated or directly engaged sub-contractors on the various contracts being executed by the company. Subcontractors are mobilized in the same manner in which the company is mobilized for its awarded contracts and such advances are usually secured with valid advance payment guarantees and performance bonds mandatorily required as of company policy and prerequisite for the grant of advance payments or award of subcontracts to other entities.

Advances made to subcontractors have been evaluated and tested for impairments on item by item basis. None of these were identified as impaired as at the end of the reporting period 31st March 2019.

The company has subjected each category of assets listed under **"other receivables and prepayments"** to impairment tests to assess the carrying amounts of the respective asset / to ensure that the net assets are not lower than their respective recoverable amounts. Where applicable related impairment charges have been recognized in the profit or loss. Receivables in foreign currencies have been translated using the closing rate method.

	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
21 Financial assets				
Fair value through profit or loss	-	-	-	-
Fair value through other comprehensive income	8,702	10,499	5,446	6,296
Financial assets at amortized cost	10,250,594	8,207,555	10,250,594	8,157,250
	10,259,296	8,218,054	10,256,040	8,163,546

The financial assets of the company have been classified into the related bouquets as specified in IFRS 9. This standard replaces the mere intention of holding assets as the sole determinant of assets' accounting classification as applied in IAS 39. IFRS 9 requires that classification must in addition be based on contractual cash flows characteristics of financial assets itself (i.e. SPPI Test), and the business objectives to hold such financial asset (i.e Business Model Test). The entity has applied this new requirement by re-assessing all previously held financial assets classified as Held to Maturity,Loans and Receivables,Fair value through profit or loss and Fair value through other comprehensive income on a line by line basis according to the entity's business objectives and re-designating these assets according to the reported classes as above. All gains or loss deriving from the re-measurement of all the financial assets have been adequately recognised as required by the standard. The "SPPI Test" (Solely payments of principal and interest) - financial assets meeting this criteria are qualified as either amortized cost or fair value through other comprehensive income. All others are measured at fair value through profit or loss.

	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
21.1 Fair value through profit or loss				
Opening balance 1st April	-	-	-	-
Additions during the period	-	-	-	-
Disposals during the period	-	-	-	-
Fair value gains/(losses) recognized in profit or loss	-	-	-	-
Carrying value 31st March	-	-	-	-

Financial assets classified under this category are assets held with the intention of trading for short term profit-making. Strategic holdings of the group in this classification are with the objectives of receiving contractual cashflows in the form of dividends and a continuous trade of those shareholdings in order to take advantage of short term price movements in shares. The group has no financial asset classified under this class as at the end of the reporting period.

21.2 Fair Value through other Comprehensive Income				
Opening balance 1st April	10,499	7,939	6,296	5,551
Additions during the period	-	-	-	-
Disposals during the period	-	-	-	-
Fair value gains/(losses) recognized in oci	(1,797)	2,561	(850)	745
Carrying value 31st March	8,702	10,499	5,446	6,296

The financial assets designated under this category have been assessed as under the business model of "hold to collect" financial assets with gain or loss on its re-measurement classified under the other comprehensive income. As at the end of the reporting period, the group holdings (unquoted equity) in Clay Industry (Nigeria) Limited have been revalued using the level 3 valuation techniques with resulting gain or loss recognized in other comprehensive income. For this unquoted investment,the dividend growth model have in conjuction with the enterprise value model have been adopted in the valuation of the company's investment. Accordingly, holdings in listed entities have been remeasured using Level 1 and changes in fair value recognized in other comprehensive income.

21.3 Financial assets at amortized cost				
Opening balance	8,207,555	2,320,662	8,157,250	2,320,662
Interest earned during the year	992,956	771,535	986,771	766,456
Net changes in:				
Liquidations,roll overs and addtions	1,050,083	5,115,357	1,106,574	5,070,131
Balance as at 31st March	10,250,594	8,207,555	10,250,594	8,157,250

Financial instruments held for a derivable return and with a positive intention of holding till maturity has been classified in this category. The term deposit investments of 90 days maturity are held by the company with ability to hold the investments till maturity and the agreed contractual interest payments over the contracted investment period following an option of re-investing or liquidation at maturity. This deposit have been stated at amortized cost using the effective interest rate method in accordance with the provisions of IFRS 9. All fair value changes resulted from market price exchange rates.

	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
21.4 Financial instruments - assets				
Fair value through other comprehensive income - equities				
Quoted securities (See Note 15)				
As at 1st April	7,186	4,605	2,983	2,217
Stock Dividend	-	-	-	-
Disposals	-	-	-	-
Fair value gains/(losses)	(605)	2,582	343	766
Balance 31st March	6,581	7,186	3,325	2,983

The group has categorized its investment of stock traded and operated in the Nigeria Stock Exchange market in this category. The carrying amount of these holdings have been revalued at period end using the level 1 valuation techniques on the existing holdings .The resulting gain recognized from these investments have been reported in other comprehensive income.

	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
21.5 Unquoted securities (See Note 15.1)				
As at 1st April	3,313	3,334	3,313	3,334
Fair value gains/(losses)	(1,193)	(21)	(1,193)	(21)
Balance 31st March	2,120	3,313	2,121	3,313
Fair value through other comprehensive Income - equities Total 31st March	8,702	10,499	5,446	6,296

FVOCI- Financial Assets - This category of financial instruments (in relation to notes 21.4 and 21.5 above) encompasses investments in other entities other than subsidiaries, associates and jointly controlled entities. Notwithstanding these are carried at fair values in the financial statements. The changes in their fair values are recognized in other comprehensive income. In certain confirmed cases of existence of objective evidence of impairment e.g. perpetual decline in values, the full amount of impairment including any previously recognized in other comprehensive income is recognized in profit or loss. The component of this classification bucket relating to unquoted equities have been initially stated at cost but were fair valued using the year's average market price of comparable stocks from the Over-the-Counter-Market and where not available, a valuation based on the average of five years' dividend received from the company at the company's annual rate of return to confirm or establish any form of impairment and basis for the carrying amount at the end of the reporting period as well as the enterprise valuation model.

The financial instruments of the group have in accordance with the provisions of IFRS 7 on disclosures relating to financial instruments and IAS 32 on presentation of financial instruments and IFRS 9 on recognition and measurement of financial instruments and the related accounting policies adopted by the company have been so treated to align with the requirements of the standards governing financial instruments. For this purpose the following classifications have been made:

Fair value through profit or loss - Classification of financial assets into this category is informed by the company's business model for holding the assets. The policy support for the categorization is the need to hold such assets for short term gains only. The objective of the entity in classifying these assets as FVPL is to take short term gains or profits deriving from the stock price movements of the equities on the Stock Exchange, collect contractual cash flows and trade to make short term gains. At the end of the reporting period the company did not have any financial asset classified to fair value through profit or loss and there were no items of assets previously designated as fair value through profit or loss reclassified to fair value through other comprehensive income.

Fair value through other comprehensive income - unquoted equity securities of other entities - these have been grouped along with "other comprehensive income" but delineated as such and have been fair valued at period ends using the obtainable information of that equity or similar equities available on the "Over-the-Counter" market or such other valuation based on five year dividend payment and other valuation.

Financial liabilities measured at amortized cost- other financial obligations of the company to other entities other than financial liabilities measured at fair value through profit or loss. This also includes non-derivative financial liabilities with fixed or determinable payments and are not quoted in an active market.The company does not have any class of derivative financial instruments.

Financial assets measured at amortized costs - Comprise all such financial assets in which the group holds to collect contractual cashflows with sole repayments of interests and principal. Interest deriving therefrom are recognized using the effective interest rate method.

Notes to the Financial Statements

Financial instruments (cont'd)

21.6 2019	Group Gains	Group Losses	Company Gains	Company Losses
Fair value gains/losses recognized on financial instruments	N' 000	N' 000	N' 000	N' 000
Other Comprehensive Income - equity securities measured at fair value through Other Comprehensive Income	343	(2,140)	343	(1,193)
Financial assets measured at fair value recognized in profit or loss	-	-	-	-
Financial liabilities-Forward contract cashflow hedges	-	-	-	
recognized in Other Comprehensive Income	-	-	-	-
	343	(2,140)	343	(1,193)

21.7 2018	Gains	Losses	Gains	Losses
Fair value gains/losses recognized on financial instruments	N' 000	N' 000	N' 000	N' 000
Other Comprehensive Income - equitiy securities measured at fair value through Other Comprehensive Income	2,582	(21)	766	(21)
Financial assets measured at fair value recognized in profit or loss	-	-	-	-
Financial liabilities-Forward contract cashflow hedges	-	-	-	-
recognized in Other Comprehensive Income	-	-	-	-
	2,582	(21)	766	(21)

21.8 Reclassification of financial assets

For the reporting period ended 31st March 2019, the group has adopted the provisions of IFRS9 and has realigned reporting to suit its business model for managing its financial assets on the basis of its contractual cash flows derived from these assets. All fair value changes relating to these realignments and classifications have been disclosed and recognized in either profit or loss or other comprehensive income as applicable and permmitted under IFRS 9.

21.9 Financial assets pledged as collateral

The group did not pledge or hypothecate any of its financial assets for loans or allied credit facilities with financial institutions or other entities during the year and no subsisting contract exists as at the end of the reporting period 31st March 2019 that created an encumbrance on the group's financial assets.

21.10 Financial assets measured at fair value through Other Comprehensive Income

With respect to the financial assets (equities) of the company designated as 'Fair value through other comprehensive income' and measured through other comprehensive income, the following details and information are relevant:

i The nature of the financial assets
The equities measured through Other Comprehensive Income at fair value relate to the group's holdings in First City Monument Bank Plc, a second generation bank in Nigeria whose stocks are listed and traded on the Nigerian Stock Exchange. The group holds total units of 3,988.660 in the bank as at the end of the reporting period 31st March 2019. The parent owns 2,015,260 units while one of the subsidiaries Igbobi Development Company Limited owns 1,973,400 units.

ii Basis of designation/classification
The group has designated this equity holdings in First City Monument Bank Plc as fair value through other comprehensive income in line with the group's holding objective and investment model in the bank. The group does not have the intention to hold the equities for short term gains and the group has not sold any of its holdings in this bank since acquisition date neither has it taken any profits on the equities arising from favourable price movements on the Nigerian Stock Exchange. The group's objective is to hold these shares into the forseeable future.

iii Fair value gains recognized
The fair value gain recognized in other comprehensive income for the equities held in First City Monument Bank Plc during and as at the end of the reporting date 31st March 2019 was N342,595 for the company and (N947,232) for the subsidiary.

iv Clay Industry (Nigeria) Limited - The company holds 4.5% in this entity. The equity of the company is unquoted and a suitable valuation basis has been used to value this financial asset at period end. The company is a related party. See note 31 on disclosures relating to transactions in the period.

Notes to the Financial Statements

21.11 Financial instruments (cont'd)

iv Dividends

The bank (First City Monument Bank Plc.) has declared a dividend of =N=0.14K per share for its operating period ended 31st December 2018. For the group the cash dividend receivable and recognized in these financial statements was =N= 457,641 gross. The group has not de-recognized any of its investments held in this class of financial assets, therefore no dividend had accrued to the group from de-recognized financial assets under this classification.

Clay Industry (Nigeria) Limited declared and paid a dividend of N18,000,000 on its results for the financial period ended 31st January 2018. This has been recognized gross in profit or loss. No component of this holding has been derecognized in the period. Clay Industry (Nigeria) Limited is a manufacturing entity based in Lagos.This amounts to ₦1.50 dividend per share.

v Fair value valuation basis

The holdings of the group in First City Monument Bank Plc measured at fair value through other comprehensive income have been valued under the level 1 fair value valuation hierarchy - the price of the equities have been derived from an active market without any further adjustment (Nigerian Stock Exchange) as at the end of the trading day 31st March 2019. The Group's holding in Clay Industry (Nigeria) Limited has been valued under Level 3 with inputs from the investee's dividends trend.

21.12 Movements in financial instruments

	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
Financial assets measured at amortized cost				
As at 1st April	8,207,556	2,320,662	8,157,250	2,320,662
Interest earned during the year	992,956	771,535	986,771	766,456
Net changes in:	-	-	-	-
Liquidations,roll overs and addtions	1,050,083	5,115,357	1,106,574	5,070,131
Balance 31st March	10,250,596	8,207,556	10,250,594	8,157,250
Financial liabilities measured at amortized cost				
As at 1st April	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Balance 31st March	-	-	-	-
Financial instruments measured at fair value through profit or loss				
As at 1st April	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Remeasurement gain /loss	-	-	-	-
Balance 31st March	-	-	-	-
Movements in the Financial instruments (assets) measured at fair value through other comprehensive income				
As at 1st April	10,499	7,939	6,296	5,551
Additions and scrip issues	-	-	-	-
Fair value gains/loss	(1,797)	2,561	(850)	745
Disposals	-	-		-
Balance 31st March	8,702	10,499	5,446	6,296

22 Cash and bank balances:

	N' 000	N' 000	N' 000	N' 000
Bank balances	7,287,870	9,369,367	7,195,845	9,347,648
Cash on hand	11,005	19,435	10,760	19,105
	7,298,875	9,388,802	7,206,605	9,366,753

The group has in accordance with its accounting policies underscored by the provisions of IAS 7 classified into cash and bank balances maintained with financial institution. Some of these balances are held in foreign currencies. The company has adopted the closing spot rate in translating these in the financial statement. Exchange gain or loss derived from these balances have been stated in note 9 of these financial statements.Cash and Cash equivalents is inclusive of balances outstanding on overdrafts.See note 40.

Notes to the Financial Statements

23 Property plant and equipment-Group 2019
(See Appendix 1)

	Land Properties N' 000	Leasehold Properties N' 000	Building Properties N' 000	Furniture Equipment and Plant N' 000	Motor Vehicles N' 000	Computer Equipment N' 000	Small Plants & Tools N' 000	Total N' 000
Cost								
As at 1st April	540,017	302,943	368,410	1,853,991	2,510,718	87,343	2,578,630	8,242,052
Additions during the year	-	-	-	339,865	77,850	7,810	76,532	502,057
Reclassifications	-	-	-	-	-	-	-	-
Transfers	-	-	-	-		-	-	-
Disposals during the year	-	-	-	(15,681)	(11,950)	-	-	(27,631)
Balance 31st March	540,017	302,943	368,410	2,178,175	2,576,618	95,153	2,655,162	8,716,478
Depreciation								
As at 1st April	-	68,681	83,314	1,386,324	2,443,517	56,540	1,660,925	5,699,302
Reclassifications	-	-	-		-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Acc. Impairment provisions	-	-	-	-	-	-	-	-
Charge for the year	-	9,545	28,439	177,725	51,899	20,252	269,673	557,533
Impairment Charges for the year	-	-	-	-	-	-	-	-
Impairment Disposal for the year	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(15,680)	(11,950)	-	-	(27,630)
Balance 31st March	-	78,226	111,753	1,548,369	2,483,466	76,792	1,930,598	6,229,205
Net book value 31st March 2019	540,017	224,717	256,657	629,806	93,152	18,361	724,564	2,487,273
Net book value 31st March 2018	540,017	234,262	285,096	467,667	67,201	30,803	917,705	2,542,750

The group invested in items of property plant and equipment to meet up with the demand and expansion of its operations. Disposals were made on some items of PPE (motor vehicle & plant and machinery) which are fully depreciated . Cost recognition and measurement have been accounted for in accordance with the provisions of IAS 16. No other capital commitments have been made by the company as at reporting date.Accordingly,the property plant and equipment including the leasehold property owned by the group are without any form of encumberance as all liability in connection with holding the property for the contractual lease period have been fully extinguished.

23.1 Property plant and equipment-Company 2019

	Land Properties N' 000	Leasehold Properties N' 000	Building Properties N' 000	Furniture Equipment and Plant N' 000	Motor Vehicles N' 000	Computer Equipment N' 000	Small Plants & Tools N' 000	Total N' 000
Cost								
As at 1st April	540,017	302,943	368,126	1,846,558	2,490,908	86,145	2,578,630	8,213,327
Additions during the year	-	-	-	339,865	77,850	7,810	76,532	502,057
Transfers	-	-	-	-			-	-
Reclassifications	-	-	-	-				-
Disposals during the year	-	-	-	(15,681)	(11,950)	-		(27,631)
Balance 31st March	540,017	302,943	368,126	2,170,742	2,556,808	93,955	2,655,162	8,687,753
Depreciation								
As at 1st April	-	68,681	83,030	1,379,371	2,423,709	55,342	1,660,924	5,671,057
Reclassifications	-	-	-	-	-	-	-	-
Transfers	-		-	-	-	-	-	-
Acc. Impairment provisions	-	-	-	-	-	-	-	-
Charge for the year	-	9,545	28,439	177,381	51,900	20,252	269,673	557,190
Impairment Charges for the year	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(15,680)	(11,950)	-		(27,630)
Impairment disposals during the year					-			-
Balance 31st March	-	78,226	111,469	1,541,072	2,463,659	75,594	1,930,597	6,200,619
Net book value 31st March 2019	540,017	224,717	256,657	629,670	93,149	18,361	724,565	2,487,134
Net book value 31st March 2018	540,017	234,262	285,096	467,187	67,200	30,803	917,705	2,542,268

Notes to the Financial Statements

24 Property plant and equipment-Group 2018
(See Appendix 1)

	Land Properties N' 000	Leasehold Properties N' 000	Building Properties N' 000	Furniture Equipment and Plant N' 000	Motor Vehicles N' 000	Computer Equipment N' 000	Small Plants & Tools N' 000	Total N' 000
Cost								
As at 1st April	540,017	302,943	368,410	1,812,142	2,473,448	85,360	2,188,861	7,771,181
Additions during the year	-	-	-	41,849	37,321	1,983	389,769	470,922
Reclassifications	-	-	-	-	-	-	-	-
Transfers	-	-	-	-		-		-
Disposals during the year	-	-	-	-	(51)	-		(51)
Balance 31st March	540,017	302,943	368,410	1,853,991	2,510,718	87,343	2,578,630	8,242,052
Depreciation								
As at 1st April	-	63,056	51,719	1,216,214	2,324,877	34,498	1,262,835	4,953,199
Reclassifications	-	-	-		-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Acc. Impairment provisions	-	-	-	-	-	-	-	-
Charge for the year	-	5,625	31,595	170,110	118,691	22,042	398,090	746,153
Impairment Charges for the year	-	-	-	-	-	-	-	-
Impairment Disposal for the year	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	(51)	-		(51)
Balance 31st March	-	68,681	83,314	1,386,324	2,443,517	56,540	1,660,925	5,699,302
Net book value 31st March 2018	540,017	234,262	285,096	467,667	67,201	30,803	917,705	2,542,750
Net book value 31st March 2017	540,017	239,887	316,691	595,928	148,571	50,862	926,026	2,817,982

The group invested in items of property plant and equipment to meet up with the demand and expansion of its operations. Disposals were made on some items of PPE (motor vehicle) which are fully depreciated . Cost recognition and measurement have been accounted for in accordance with the provisions of IAS 16. No other capital commitments have been made by the company as at reporting date.Accordingly,the property plant and equipment including the leasehold property owned by the group are without any form of encumberance as all liability in connection with holding the property for the contractual lease period have been fully extinguished.

24.1 Property plant and equipment-Company 2018

	Land Properties N' 000	Leasehold Properties N' 000	Building Properties N' 000	Furniture Equipment and Plant N' 000	Motor Vehicles N' 000	Computer Equipment N' 000	Small Plants & Tools N' 000	Total N' 000
Cost								
As at 1st April	540,017	302,943	368,126	1,804,709	2,453,638	84,162	2,188,861	7,742,456
Additions during the year	-	-	-	41,849	37,321	1,983	389,769	470,922
Transfers	-	-	-	-			-	-
Reclassifications	-	-	-	-				-
Disposals during the year	-	-	-	-	51	-		51
Balance 31st March	540,017	302,943	368,126	1,846,558	2,490,908	86,145	2,578,630	8,213,327
Depreciation								
As at 1st April	-	63,056	51,435	1,209,670	2,307,724	33,300	1,262,835	4,928,020
Reclassifications	-	-	-	-	-	-	-	-
Transfers	-		-	-	-	-	-	-
Acc. Impairment provisions	-	-	-	-	-	-	-	-
Charge for the year	-	5,625	31,595	169,701	116,035	22,042	398,090	743,088
Impairment Charges for the year	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	(51)	-		(51)
Impairment disposals during the year					-			-
Balance 31st March	-	68,681	83,030	1,379,371	2,423,708	55,342	1,660,925	5,671,059
Net book value 31st March 2018	540,017	234,262	285,096	467,187	67,200	30,803	917,705	2,542,268
Net book value 31st March 2017	540,017	239,887	316,691	595,039	145,914	50,862	926,026	2,814,434

Notes to the Financial Statements

25 Investment Property - Group
See Note 62

	Lands	Building Properties	Group 2019 Total	Lands	Building Properties	Group 2018 Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost						
As at 1st April	14,217	303	14,520	14,217	303	14,520
Reclassification/transfer	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance 31st March	14,217	303	14,520	14,217	303	14,520
Depreciation						
As at 1st April	-	303	303	-	303	303
Acc. Impairment provisions	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Reclassification/transfer	-	-	-	-	-	-
Impairment Charges for the year	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance 31st March	-	303	303	-	303	303
Net book value 31st March	14,217	-	14,217	14,217	-	14,217

25.1 Investment Property - Company

	Lands	Building Properties	Company 2019 Total	Lands	Building Properties	Company 2018 Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost						
As at 1st April	13,007	-	13,007	13,007	-	13,007
Additions during the year	-	-	-	-	-	-
Reclassification/Transfers	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance 31st March	13,007	-	13,007	13,007	-	13,007
Depreciation						
As at 1st April	-	-	-	-	-	-
Acc. Impairment provisions	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Impairment Charges for the year	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance 31st March	-	-	-	-	-	-
Net book value 31st March	13,007	-	13,007	13,007	-	13,007

The investment properties of the group have been accounted for under the cost model which will be progressively depreciated in accordance with the depreciation policy of the group other than the land component of the respective investment properties. For the period ended 31st March 2019 all existing investments classified as investment property comprised land only and have not been depreciated in accordance with the policy which is in accordance with the requirements of IAS 40 on Investment property.

Notes to the Financial Statements

		Group	Group	Company	Company
		2019		2019	
		Land	Building	Land	Building
25.2	**2019 (see Note 24 & 25)**	N' 000	N' 000	N' 000	N' 000
	Property,plant and Equipment owned	302,096	31,429	302,096	31,429
	Right of Use assets,except for investment Property	243,214	634,934	243,214	634,347
	Investment property	14,217	303	13,007	-
		559,527	666,666	558,317	665,776

		Group	Group	Company	Company
		2018		2018	
25.3	**2018 (See note 24 & 25)**	Land	Building	Land	Building
		N' 000	N' 000	N' 000	N' 000
	Property,plant and Equipment owned	302,096	31,429	302,096	31,429
	Right of Use assets,except for investment Property	243,214	634,934	243,214	634,347
	Investment property	14,217	303	13,007	-
		559,527	666,666	558,317	665,776

		Group	Group	Company	Company
		2019	2018	2019	2018
		N' 000	N' 000	N' 000	N' 000
25.4	Right of Use Assets				
	Balance as at 1 April	798,236	833,780	797,574	833,118
	Addition/revaluation surplus	-	-	-	-
	Depreciation charge for the year	37,984	35,544	37,984	35,544
	Balance as at 31st March	760,252	798,236	759,590	797,574

		Group	Group	Company	Company
		2019	2018	2019	2018
		N' 000	N' 000	N' 000	N' 000
25.5	Lease Liabilities (Deferred Income)				
	Maturity Analysis	-	-	-	-
	One year	122,476	155,732	109,417	142,096
	Two to five years	31,728	19,511	26,961	19,511
	More than five years	1,912	28,138	1,912	28,122
	Undiscounted lease liabilities as at 31st March	156,115	203,381	138,289	189,730
	Current	122,476	155,732	109,417	142,096
	Non current	33,639	47,649	28,873	47,634

The group leased out building properties in plots to contracted customers for varying lease periods.The group has classified these leases as operating lease, because the underlying contracts did not transfer substantially all the risks and rewards incidental to the ownership of the assets to the lessee.Contracted rents are paid in advance and credited to a deferred revenue account from where periodical rent due are amortized to the profit or loss based on effluxion of time and utilization of agreed lease term periods by tenants.Options of renewal or contract modification (if any) exercised by the tenants are treated as separate from the existing contracts with the Landlord. Currently,the "right of use" asset disclosed above is fully depreciated and no other assets built for the same purpose was acquired by the company during the year.

The company has applied the provisions of IFRS 16 on leases in disclosing the maturity analysis of unamortized rent (deferred income), which are rent received but to be recognized by the company after the reporting period.The maturity period of these advance receipts have been bifurcated these into both current and non current portions to reflect the income recognition pattern in the subsequent accounting periods with recourse to the contractual arrangements with the landlord.Accordingly,the company has not made adjustments to rental income on its transition to applying the provisions of IFRS 16, this is because no part of the leased assets were subleased to third parties.

Notes to the Financial Statements

26 Intangible assets - Group

	Business Application	Engineering Software	Group 2019 Total	Business Application	Engineering Software	Group 2018 Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost						
As at 1st April	152	6,021	6,173	152	1,927	2,079
Reclassification/transfer	-	-	-	-	-	-
Additions during the year	-	-	-	-	4,094	4,094
Disposals during the year	-	-	-	-	-	-
Balance 31st March	152	6,021	6,173	152	6,021	6,173
Depreciation						
As at 1st April	140	2,580	2,720	102	1,434	1,536
Acc. Impairment provisions	-	-	-	-	-	-
Charge for the year	12	1,035	1,048	38	1,146	1,184
Reclassification/transfer	-	-	-	-	-	-
Impairment Charges for the year	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance 31st March	152	3,616	3,768	140	2,580	2,720
Net book value 31st March	-	2,405	2,406	12	3,441	3,454

26.1 Intangible assets - Company

	Business Application	Engineering Software	Company 2019 Total	Business Application	Engineering Software	Company 2018 Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost						
As at 1st April	152	6,021	6,173	152	1,927	2,079
Additions during the year	-	-	-	-	4,094	4,094
Reclassification/Transfers	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance 31st March	152	6,021	6,173	152	6,021	6,173
Depreciation						
As at 1st April	140	2,580	2,720	102	1,434	1,536
Acc. Impairment provisions	-	-	-	-	-	-
Charge for the year	12	1,035	1,048	38	1,146	1,184
Impairment Charges for the year	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance 31st March	152	3,616	3,767	140	2,580	2,720
Net book value 31st March	-	2,405	2,406	13	3,441	3,454

The items of the assets comprised in intangible assets of the group are classified as finite having definite useful lives. These are mainly computer softwares other than those embedded within equipments. These have been accounted for using the cost model as provided for in IAS 28. The depreciable amounts have been amortized to profit or loss. The items of software were not internally developed by the company but acquired directly. The finite useful lives of these softwares have been determined and significantly impacted by the risk of obsolescence. At period end these have been tested for impairment to assess the applicability of the initial finite lives used as basis for the write down of the intangible assets.

Notes to the Financial Statements

		Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
27	Investments in subsidiaries				
	Stone Road Properties Limited	-	-	416	416
	Igbobi Development Company Limited	-	-	170	170
	Balance 31st March	-	-	586	586

The subsidiaries of the Company are wholly owned and are real estate entities. The investment of the company in these subsidiaries have been accounted for in accordance with the requirements of IFRS 10 and IAS 27 and not in accordance with IFRS 9. No exceptions offered by IFRS 10 and IAS 27 which permit an entity to account for an interest in its subsidiary in accordance with IFRS 9 have been taken or applied for the period ended 31st March 2019.These balances are eliminated in consolidation for the group financial statements.

		N' 000	N' 000	N' 000	N' 000
28	Contract Liabilities & Trade payables				
	Contract Liabilities (Clients' advances)	8,658,699	9,596,447	8,641,093	9,581,827
	Trade payables	1,431,177	710,415	1,431,177	710,415
		10,089,876	10,306,862	10,072,270	10,292,242
29	Other payables				
	Value added tax payable	850	15,613	850	15,613
	Staff pensions due to PFAs	20,837	18,679	20,837	18,679
	Facility management deposits and other advances	439,895	-	439,895	-
	Loss Allowance provision	123,379	-	123,379	-
	Other sundry creditors	21,839	18,145	18,177	14,297
		606,799	52,437	603,137	48,589
29.1	Staff pensions due to PFAs				
	As at 1st April	18,679	23,802	18,679	23,802
	Contributions during the year	216,863	222,213	216,863	222,213
		235,541	246,015	235,541	246,015
	Remittances during the year	214,704	227,336	214,704	227,336
	Balance as at 31st March	20,837	18,679	20,837	18,679
29.2	Value added tax				
	As at 1st April	15,613	(7,186)	15,613	(7,186)
	Output VAT during the year	675,178	1,106,925	675,178	1,106,925
		690,791	1,099,739	690,791	1,099,739
	Input VAT & source deductions during the period	(475,422)	(910,152)	(475,422)	(910,152)
	Remittances during the year	(214,519)	(173,974)	(214,519)	(173,974)
	Balance as at 31st March	850	15,613	850	15,613
30	Dividend payable				
	As at 1st April	75,221	46,095	75,221	46,095
	Dividend declared during the year	246,094	246,094	246,094	246,094
		321,315	292,189	321,315	292,189
	Interest earned on investments	27,420	18,376	27,420	18,376
	Dividend paid during the year	(234,209)	(235,344)	(234,209)	(235,344)
	Balance as at 31st March	114,526	75,221	114,526	75,221

In accordance with the provisions of the Investment and Securities Act 2007 the group maintains a dedicated bank account for unclaimed dividends the balance of which is invested in fixed deposit with United Bank of Africa Plc. Income deriving therefrom is included in the balance of unclaimed dividend fund as at the end of the reporting period 31st March 2019. The schedule of beneficiaries is included as a separate report and published along with the annual report to shareholders. Furthermore, in accordance with SEC Rule 42, the report of unclaimed dividends are compiled on half yearly basis by the Registrar and filed with the Commission.

Notes to the Financial Statements

	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
31 Balances due to related parties				
Stone Road Properties Limited	-	-	-	-
Igbobi Development Co. Limited	-	-	400	220
Clay Industry (Nigeria) Limited	14,178	3,313	14,178	3,313
	14,178	3,313	14,578	3,533

31.1 Related party transactions and balances
See Note 54

Transactions and balances - 31st March 2019	Igbobi Development Company Limited N' 000	Stone Road Properties Ltd N' 000	Clay Industry Nig Limited N' 000
Upstream- transactions from related parties	470	800	65,367
Downstream - transactions to related parties	1,704	-	22,305
Total value of related party transactions	2,174	800	87,672
Trade balances due to related parties	400	-	14,178
Trade balances due from related parties	320	-	2,882
Loans/Debentures outstanding to related parties - 31st March	-	-	-
Loans/Debentures due from related parties - 31st March	-	-	-

31.2 Related party transactions and balances
See Note 54

Transactions and balances - 31st March 2018	Igbobi Development Company Limited N' 000	Stone Road Properties Ltd N' 000	Clay Industry Nig Limited N' 000
Upstream- transactions from related parties	470	720	16,836
Downstream - transactions to related parties	2,077		4,040
	470	720	20,876
Trade balances due to related parties	400	-	3,313
Trade balances due from related parties	220	-	5,876
Loans/Debentures outstanding to related parties - 31st March	-	-	-
Loans/Debentures due from related parties - 31st March	-	-	-

The group consists of one parent and two subsidiaries (Igbobi Development Company Limited and Stone Road Properties Limited). The group is related on the ground of shareholdings, common directors and management staff. Transaction and balances are exclusively trade activities conducted at arm's length. All unrealized intercompany transactions and balances have been cancelled out on consolidation.

Cappa and D'Alberto holds an insignificant portion of Clay Industry's shareholding. The companies also share common directors within the operations conducted during the period. However, the results of Clay Industry (Nigeria) Limited have not been consolidated in the group financial statement. All related party transactions have been disclosed and conducted at arm's length.

	Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
32 Bank overdrafts				
United Bank for Africa Plc	-	-	-	-
Guaranty Trust Bank Plc	60,999	6,304	60,999	6,304
Diamond Bank Plc	-	-	-	-
Stanbic IBTC	-	-	-	-
Carrying amount 31st March	60,999	6,304	60,999	6,304

The group has a contracted overdraft facility with United Bank for Africa Plc of ₦60.0 million with an applicable interest rate of 14.5% which the bank reserves the right to change and apply under the terms of the contract without recourse to the company. The overdrawn balances on the other bank accounts are temporary overdrafts which were regularized subsequent to period end.

	N' 000	N' 000	N' 000	N' 000
33 Taxation				
Per Statement of Financial Position				
As at 1st April	1,088,820	636,326	1,083,607	632,071
Tax Adjustment/transfers	(919)	-	(919)	-
Charge for the year	184,872	510,117	178,034	504,903
Defrayment with withholding tax credit notes	(1,040,045)	-	(1,039,964)	-
Tax paid	(47,857)	(57,623)	(42,724)	(53,367)
Balance 31st March	184,872	1,088,820	178,034	1,083,607

Notes to the Financial Statements

		Group	Group	Company	Company
		2019	2018	2019	2018
34	Deferred taxation	N' 000	N' 000	N' 000	N' 000
	As at 1st April	24,667	1,101,025	24,523	1,098,965
	Net changes recognized in profit or loss	113,715	(1,065,932)	113,817	(1,064,016)
	Net changes recognized in other comprehensive income	3,251	(10,426)	3,251	(10,426)
	Deferred tax carrying amount at 31st March	141,633	24,667	141,591	24,523

Deferred tax has been calculated using the liability method and the resulting tax liability reflects the consequences of the manner in which the company and group intend to recover or settle the carrying amounts of their assets and liabilities at period end. The applicable recovery tax rates have been used in calculating the tax due. IAS 12 permits the recognition of deferred tax assets to the extent to which it is probable that future taxable profits will be available against which this can be offset. The group has not recognized deferred tax in the financial statements for the period ended 31st March 2019.

		2019	2018	2019	2018
		N' 000	N' 000	N' 000	N' 000
35	Authorized share capital				
	400,000,000 units of ordinary shares of =N=0.50k each	200,000	200,000	200,000	200,000
35.1	Issued and fully paid share capital				
	246,093,750 units of ordinary shares of =N=0.50K each	123,047	123,047	123,047	123,047

The group has only one class of shares, and a total units of 246,093,750 of the authorized share capital of the company has been issued and fully paid by the allotees in cash and other forms of payment.The details of the beneficiary equity holders in the company is disclosed in the directors report. All changes in shareholdings in the Company and notices of transmission of shares are documented in the register of members administered by the Registrars to the Company Africa Prudential Registrars Limited. Certain components of the paid up share capital had bonus issues applied from retained earnings.

		2019	2018	2019	2018
35.2	Retained earnings	N' 000	N' 000	N' 000	N' 000
	Balance B/fwd 1st January	12,573,950	10,772,564	12,529,777	10,738,340
	Transition adjustments	(59,926)	-	(59,926)	-
	Back duty charges	865	-	865	-
	Post acquisition profit	304,318	2,047,480	289,747	2,037,531
	Transfers within equity	7,053	-	7,053	-
	Dividends	(246,094)	(246,094)	(246,094)	(246,094)
		12,580,166	12,573,950	12,521,423	12,529,777

		2019	2018	2019	2018
36	Withholding tax credit notes See Note 19	N' 000	N' 000	N' 000	N' 000
	As at 1st April	2,765,278	1,085,883	2,763,365	1,084,198
	Additions during the year	488,266	2,243,405	488,008	2,243,177
	Claims against income tax	1,040,045	564,010	1,039,964	564,010
		2,213,500	2,765,278	2,211,409	2,763,365
	Less: Impairment charges b/fwd	1,043,374	1,043,374	1,043,374	1,043,374
	Impairment charges in the year	-	-	-	-
	Accumulated impairment charges	1,043,374	1,043,374	1,043,374	1,043,374
	Balance 31st March	1,170,126	1,721,904	1,168,035	1,719,991

Withholding tax provisions embedded within the Companies and Income Tax Act - 2007 mandates the clients of the company to deduct withholding tax at the prescribed rate from the progress payments and certification invoices of the company. The deductions are evidenced by withholding tax credit notes subsequently received from the Federal Inland Revenue Service. The deductions are deemed as advance payments of company income tax and are available as tax offset for this component of tax only. The carrying amount of this tax asset is perpetually in excess of the actual tax liability due on operations and the excesses have accumulated over the years. The tax asset is evaluated for impairment at period end and identified impaired balances are charged to profit or loss and disclosed separately. For the period ended 31st March 2019, the value of credit notes in custody is not significantly different from the carrying amount. Accordingly, no additional provision has been made in the allowance account.

		Group	Group	Company	Company
		2019	2018	2019	2018
37	Operating profits before tax	N' 000	N' 000	N' 000	N' 000
	This is stated after charging/(crediting) the following:				
	Depreciation and Amortization charges	557,533	746,153	557,190	743,088
	Exchange differences	(5,568)	(21,649)	(5,568)	(21,649)
	Loss/(profits) on sales of fixed assets	938	200	938	200
	Interest income	992,956	771,535	986,771	766,456
	Audit fees :				
	- Cappa & D'Alberto Plc	10,000	10,000	10,000	10,000
	- Igbobi Development Company Ltd	500	500	-	-
	- Stone Road Properties Limited.	200	200	-	-
	Directors' emoluments:				
	Fees as directors	3,228	2,150	3,178	2,100
	Other directors' emoluments	223,825	199,183	223,825	199,183

Notes to the Financial Statements

		Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
38	Supplementary information relating to directors and employees				
38.1	Directors				
	Directors' emoluments comprised:				
	Chairman	1,848	1,848	1,848	1,848
	Other directors	225,205	199,485	225,155	199,435
		227,053	201,333	227,003	201,283
	Fees earned as directors	3,228	2,150	3,178	2,100
	Other emoluments	223,825	199,183	223,825	199,183
		227,053	201,333	227,003	201,283

Directors fees are only accrued and paid to non executive directors serving on the board of directors of the constituent entities in the group. The executive directors nominated by Cappa and D'Alberto Plc to serve on the Boards of the subsidiaries in ex-officio capacities are not paid directors fees.The executive directors receive emoluments and are not further remunerated.

38.2 The number of the Group's directors excluding the Chairman whose emoluments are within the following ranges are as follows:

	=N=	=N=	2019 number	2018 number
	50,000	200,000		-
	200,001	500,000	3	3
	500,001	2,000,000	1	1
	2,000,001	5,000,000	-	-
	5,000,001	9,000,000	-	-
	9,000,001	and above	3	5
38.3 The number of directors who had no emoluments			Nil	Nil
38.4 The highest paid director earned total emoluments of (in N'000)			77,250	48,900

		Group 2019	Group 2018	Company 2019	Company 2018
38.5	Employees	2019	2018	2019	2018
	The average number of staff employed by the group in the financial year ended 31st March 2019 and the relative staff cost by cadre are as follows:	Number	Number	Number	Number
	Managerial staff	23	23	23	23
	Senior staff	82	80	82	80
	Junior staff	792	787	792	787
	Daily contract staff	727	855	727	855
		1,624	1,745	1,624	1,745
		N' 000	N' 000	N' 000	N' 000
38.6	Staff salaries, wages and other benefits	753,646	679,960	753,646	679,960
	Staff severance benefits	5,600	-	5,600	-
	Total staff costs for the year	759,245	679,960	759,245	679,960

38.7 The number of employees other than directors remunerated at higher rates are as follows:

See Sch 2	100,000	-	150,000	-	-	-	-
	150,001	-	200,000	-	-		-
	200,001	-	250,000	4	5	4	5
	250,001	-	300,000	-	-		-
	300,001	-	350,000	12	97	12	97
	350,001	-	400,000	126	29	126	29
	400,001	-	450,000	25	264	25	264
	450,001	-	500,000	228	165	228	165
	500,001	-	550,000	136	258	136	258
	550,001	-	600,000	212	127	212	127
	600,001	-	650,000	92	114	92	114
	650,001	-	700,000	134	113	134	113
	700,001	-	750,000	65	57	65	57
	750,001	-	Above	590	516	590	516
			Total	1,624	1,745	1,624	1,745

Notes to the Financial Statements

	Group	Group	Company	Company
	2019	2018	2019	2018
	N' 000	N' 000	N' 000	N' 000
39 Reconciliation of Net Profit to net Cash provided by operating activities				
Operating profit after tax	304,318	2,047,480	289,747	2,037,531
Adjustments to reconcile net profit to net cash provided				
Depreciation charges	557,533	746,153	557,190	743,088
Amortization	1,048	1,184	1,048	1,184
Expected credit loss provision	63,453	-	63,453	-
Bank Interest received	(992,956)	(771,535)	(986,771)	(766,456)
Dividend received	(1,262)	(1,212)	(985)	(1,014)
Interest Paid	13,644	38,054	13,644	38,054
Investment income	-	-	-	-
Profit on sale of non-financial assets	(938)	(200)	(938)	(200)
Provisions	9,947	18,318	5,537	15,718
Fair value adjustments	1,797	(2,561)	850	(745)
Loss on sale of fixed assets	-	-	-	-
Staff severance benefits provisions	5,600	-	5,600	-
	(37,816)	2,075,683	(51,625)	2,067,160
Changes in assets and liabilities:				
(Increase) / decrease in inventory	(219,513)	1,743,796	(219,513)	1,743,795
(Increase) / decrease in trade receivables	(147,068)	2,432,904	(148,207)	2,435,531
(Increase) / decrease in other debtors and prepayments	629,855	(777,368)	630,235	(777,435)
(Increase) / decrease in related party balances	2,994	10,829	2,894	10,829
Increase / (decrease) in trade payables	(216,986)	(6,301,579)	(219,972)	(6,302,604)
Increase / (decrease) in other payables	554,362	26,402	554,549	28,080
(Increase) / Decrease in related party balances	10,865	2,013	11,044	2,013
Increase / (decrease) in taxation	(903,948)	452,494	(905,573)	451,536
Increase / (decrease) in deferred taxation	116,966	(1,275,862)	117,068	(1,074,442)
Net cash provided by operating activities	(210,289)	(1,610,687)	(229,100)	(1,415,537)

	Group 2019	Group 2018	Company 2019	Company 2018
40 Reconciliation of Cash and cash equivalents				
Cash at bank	7,287,870	9,369,367	7,195,845	9,347,648
Cash at hand	11,005	19,435	10,760	19,105
Bank overdrafts	60,999	6,304	60,999	6,304
Balance 31st March	7,237,877	9,382,498	7,145,606	9,360,449

For the purpose of IAS 7 translations at period end exchange differences relating to cash and cash equivalents have been included in cash and cash equivalents. Optionally this could have been separately stated in the cash flow statement as a separate line for differentiation purposes.

The cash and cash equivalents comprised only cash and short term bank deposits not otherwise accounted for in investing activities and all overdrawn bank balances under contracted overdraft facility with an operating line of N60.0 million in United Bank for Africa Plc and other temporary overdrafts. These are liquid and highly liquid financial instruments that are convertible to cash at short notice with insignificant loss in value on conversion. No components of the group's cash and cash equivalents are held in jurisdictions that offer restrictive access to those funds.

Notes to the Financial Statements

		Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
41	Advance payment bonds, performance bonds & Retention bonds on contracts:				
	Advance payment guarantees	7,377,790	11,716,040	7,377,790	11,716,040
	Performance bonds	1,669,561	2,321,571	1,669,561	2,321,571
	Retention bonds	1,596,235	1,429,680	1,596,235	1,429,680
	Total exposure to clients on contracts	10,643,586	15,467,291	10,643,586	15,467,291
	Indemnity:				
	Advance payment bonds, performance bonds & Retention bonds received from Sub-contractors on contracts:				
	Advance payment guarantees	2,078,236	2,966,459	2,078,236	2,966,459
	Performance bonds	131,868	96,127	131,868	96,127
	Retention bonds	200,282	297,933	200,282	297,933
		2,410,387	3,360,520	2,410,387	3,360,520
	Net - open exposure on bonds	8,233,199	12,106,771	8,233,199	12,106,771

The company provides advance payment bonds and insurance bonds on all contracts for the release of advance payments at the commencement of the contract. The client reserves the right to call-in the bond without recourse to the Company for non-performance. The company also receives bonds from subcontractors for advances to these subcontractors. The information above states the net exposure of the company in respect of on-going contracts as well as the recourse availabe to the company from sub-contracting activities on contracts.

		2019 $'000	2018 $'000	2019 $'000	2018 $'000
41.1	Foreign Currency Denominated Bonds				
	Advance payment bonds - Bank	663	404	663	404

Certain components of outstanding advance payment bonds at period end are denominated in foreign currency as disclosed above. The outstanding bonds derive from the requirements of the underlying contracts. The management has not made any provisions in the financial statement in respect of those bonds and holds that no liabilities will crystallize from the bonds for the purpose of IAS 21 and exchange differences have been recognized due to non-recognition of any liability in respect of the bonds.

		Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
42	Reconciliation of income tax expense				
	Operating profit before tax per Statement of comprehensive income	585,593	1,503,272	564,286	1,490,026
	Expected income tax on profits at Nigerian tax rate of 30%	175,678	450,982	169,286	447,008
	Reconciliation items	-	-	-	-
	Education tax expense	22,001	43,089	21,574	42,763
	Capital gains tax	-	15	-	15
	Impairment loss with tax effects	-	-	-	-
	Effects of secondary and irrecoverable taxes	-	-	-	-
	Effects of permanent differences	15,556	10,671	15,556	10,671
	Effects of deferred tax	92,863	(1,065,932)	92,965	(1,064,016)
	Effects of recognized temporary differences	20,706	-	20,706	-
	Effects of expenses disallowed from tax	-		-	-
	Effects of depreciation	167,615	224,201	167,512	223,282
	Effects of income excluded from tax	(21,501)	(39,521)	(21,418)	(39,521)
	Effects of tax allowable gratuity expense	(28,036)	-	(28,036)	-
	Effects of capital allowances	(167,430)	(179,282)	(167,428)	(179,276)
	Effects of irrecoverable tax	3,540	11,554	3,540	11,554
	Effects of balancing charges on assets disposed	281	15	281	15
	Effects of reversing timing difference	-	-	-	-
	Income tax expense- Recognized in Statement of Comprehensive Income	281,275	(544,207)	274,538	(547,505)
	Effective tax rate	48%	-36%	49%	-37%

42.1 The applicable tax rates used for the 2018 and 2017 reconciliation of income tax expense are as stated below:

	2019	2018	2019	2018
Company income tax	30%	30%	30%	30%
Education tax	2%	2%	2%	2%
Capital gains tax	10%	10%	10%	10%

Notes to the Financial Statements

		Group 2019 N' 000	Group 2018 N' 000	Company 2019 N' 000	Company 2018 N' 000
43	Deferred taxes				
	Deferred tax composition				
	Liabilities	392,737	293,760	392,694	293,509
	Assets	(251,103)	(269,093)	(251,103)	(268,987)
		141,634	24,667	141,591	24,523

43.1	Deferred tax analysis - Group 2019	1st April N' 000	Recognized in Equity N' 000	Recognized in Profit or loss N' 000	Disposals/ Acquisitions N' 000	Balance 31st Mar. N' 000
	Property, plant and equipment	291,507	-	238,301	-	529,808
	Stock tools	(41,753)	-	154,188	-	112,435
	Provisions	(1,168)	-	-	-	(1,168)
	Investment property	85,924	-	-	-	85,924
	Revaluations	-	-	-	-	-
	Cash and Bank balances	6,495	-	(1,671)	-	4,824
	Retention Bond allowance	-	-	(5,453)	-	(5,453)
	Withholding tax allowance	(238,012)	-	(265,786)	-	(503,798)
	Tax credit	(311)	-	-	-	(311)
	Others	(78,015)	3,251	(5,865)	-	(80,629)
	Total	24,667	3,251	113,715	-	141,633

43.2	Deferred tax analysis - Group 2018	1st April N' 000	Recognized in Equity N' 000	Recognized in Profit or loss N' 000	Disposals/ Acquisitions N' 000	Balance 31st Mar. N' 000
	Property, plant and equipment	242,855	(11,652)	60,304	-	291,507
	Stock tools	-	-	(41,753)	-	(41,753)
	Provisions	(1,168)	-	-	-	(1,168)
	Investment property	87,661	-	(1,737)	-	85,924
	Revaluations	-	-	-	-	-
	Cash and Bank balances	851,229	-	(844,734)	-	6,495
	Retention Bond allowance	-	-	-	-	-
	Withholding tax allowance	-	-	(238,012)	-	(238,012)
	Tax credit	-	(311)	-	-	(311)
	Others	(79,552)	1,537	-	-	(78,015)
	Total	1,101,025	(10,426)	(1,065,932)	-	24,667

43.3	Deferred tax analysis - Company 2019	1st April N' 000	Recognized in Equity N' 000	Recognized in Profit or loss N' 000	Disposals/ Acquisitions N' 000	Balance 31st Mar. N' 000
	Relating to:					
	Property, plant and equipment	293,864		238,403	-	532,267
	Stock tools	(41,753)	-	154,188	-	112,435
	Investment property	85,924	-	-		85,924
	Cash and Bank balances	6,495	-	(1,671)	-	4,824
	Retention bond allowance account	-	-	(5,453)	-	(5,453)
	Tax credits	-	-	-	-	-
	Withholding tax allowance	(238,012)		(265,786)	-	(503,798)
	Fair value through other comprehensive income	(1,479)	3,251	(261)	-	1,511
	Severance liability payable	(80,516)	-	(5,604)	-	(86,120)
	Total	24,523	3,251	113,817	-	141,591

43.4	Deferred tax analysis - Company 2018	1st April N' 000	Recognized in Equity N' 000	Recognized in Profit or loss N' 000	Disposals/ Acquisitions N' 000	Balance 31st Mar. N' 000
	Property, plant and equipment	243,296	(11,652)	62,220	-	293,864
	Stock tools	-	-	(41,753)	-	(41,753)
	Investment property	87,661	-	(1,737)		85,924
	Cash and Bank balances	851,229	-	(844,734)		6,495
	Retention bond allowance account	-	-	-		-
	Tax credits	-	-	-		-
	Withholding tax allowance	-	-	(238,012)	-	(238,012)
	Fair value through other comprehensive income	(1,168)	(311)	-	-	(1,479)
	Severance liability payable	(82,053)	1,537	-	-	(80,516)
	Total	1,098,965	(10,426)	(1,064,016)	-	24,523

Notes to the Financial Statements

44 Deferred tax analysis - 2019 Group

	1st April Profit or Loss component	1st April OtherComprehensive Income Component	Gross Carrying Amount 1st April	Net Changes in Profit or Loss component	Net Changes in Other Comprehensive Income Component	Balance in Profit or loss 31st March 2019	Balance in Other Comprehensive Income 31st March 2019	Gross Carrying Amount 31 March 2019
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Relating to:								
Property, plant and equipment	184,388	(7,679)	176,709	173,171	-	357,559	(7,679)	349,880
Stock tools	85,924	-	85,924	(85,924)	-	-	-	-
Investment property	-	-	-	24,165	-	24,165	-	24,165
Cash and Bank balances	6,495	-	6,495	5,453	-	1,042	-	1,042
Retention bond allowance account	-	-	-	-	-	-	-	-
Tax credits	-	-	-	-	-	-	-	-
Withholding tax allowance	(238,012)	(311)	(238,323)	10,426	-	(227,586)	(311)	(227,897)
Fair value through other comprehensive income	-	(533)	(533)	-	(1,213)	1,795	(1,747)	48
Other payables	(7,141)	1,537	(5,604)	7,141	-	(7,141)	1,537	(5,604)
Total	31,654	(6,987)	24,667	134,432	(1,213)	149,834	(8,200)	141,634

44.1 Deferred tax analysis - 2018 Group

	1st April Profit or Loss component	1st April OtherComprehensive Income Component	Gross Carrying Amount 1st April	Net Changes in Profit or Loss component	Net Changes in Other Comprehensive Income Component	Balance in Profit or loss 31st March 2018	Balance in Other Comprehensive Income 31st March 2018	Gross Carrying Amount 31 March 2018
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Relating to:								
Property, plant and equipment	242,005	3,973	245,978	57,617	(11,652)	184,388	(7,679)	176,709
Stock tools	87,661	-	87,661	(1,737)	-	85,924	-	85,924
Investment property	-	-	-	-	-	-	-	-
Cash and Bank balances	851,229	-	851,229	844,734	-	6,495	-	6,495
Retention bond allowance account	(1,168)	-	(1,168)	(5,457)	-	-	-	
Tax credits	(75,000)	-	(75,000)	-	-	-	-	-
Withholding tax allowance				(238,012)	(311)	(238,012)	(311)	(238,323)
Fair value through other comprehensive income	-	(533)	(533)	-	-	-	(533)	(533)
Other payables	(7,141)	-	(7,141)	-	1,537	(7,141)	1,537	(5,604)
Total	1,097,586	3,439	1,101,025	657,145	(10,426)	31,654	(6,987)	24,667

44.2 Deferred tax analysis - 2019 Company

	1st April Profit or Loss component	1st April OtherComprehensive Income Component	Gross Carrying Amount 1st April	Net Changes in Profit or Loss component	Net Changes in Other Comprehensive Income Component	Balance in Profit or loss 31st March 2019	Balance in Other Comprehensive Income 31st March 2019	Gross Carrying Amount 31 March 2019
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Relating to:								
Property, plant and equipment	177,103	(7,679)	169,424	228,743		405,846	(7,679)	398,167
Investment property	85,924	-	85,924	(85,924)	-	-	-	-
Cash and Bank balances	6,495	-	6,495	24,165	-	(17,670)	-	(17,670)
Retention bond allowance account	-	-	-	5,453	-	(5,453)	-	(5,453)
Tax credits	-	-	-	-	-	-	-	-
Withholding tax allowance	(238,012)	-	(238,012)	(10,426)	-	(227,586)	-	(227,586)
Fair value through other comprehensive income	-	(844)	(844)	-	(1,213)	1,795	(2,058)	(263)
Other payables	-	1,537	1,537	7,141	-	(7,141)	1,537	(5,604)
Total	31,510	(6,987)	24,523	169,152	(1,213)	149,791	(8,200)	141,591

44.4 Deferred tax analysis - 2018 Company

	1st April Profit or Loss component	1st April OtherComprehensive Income Component	Gross Carrying Amount 1st April	Net Changes in Profit or Loss component	Net Changes in Other Comprehensive Income Component	Balance in Profit or loss 31st March 2018	Balance in Other Comprehensive Income 31st March 2018	Gross Carrying amount 31 March 2018
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Relating to:								
Property, plant and equipment	239,945	3,973	243,918	62,842	(11,652)	177,103	(7,679)	169,424
Investment property	87,661	-	87,661	(1,737)	-	85,924	-	85,924
Cash and Bank balances	851,229	-	851,229	844,734	-	6,495	-	6,495
Retention bond allowance account	(1,168)	-	(1,168)	(5,457)	-	-	-	-
Tax credits	(75,000)	-	(75,000)	-	-	-	-	-
Withholding tax allowance	-	-	-	(238,012)	-	(238,012)	-	(238,012)
Fair value through other comprehensive income	-	(533)	(533)	-	(311)	-	(844)	(844)
Other payables	(7,141)	-	(7,141)	-	1,537		1,537	1,537
Total	1,095,526	3,439	1,098,965	662,370	(10,426)	31,510	(6,987)	24,523

Notes to the Financial Statements

44.5 Financial instruments - Group 2019
Age analysis

	Balance as at 31st March 2019	0 - 30 days	31 - 90 days	91-180days	Over 180 days
FVOCI - securities - quoted	6,581				6,581
Account receivable	2,070,188	-	621,056	931,585	517,547
Account payable	10,089,876	9,080,888	-	-	1,008,988
Bank term deposits	10,250,594	7,834,857	2,415,738	-	-
Cash and bank	7,298,875	7,298,875	-	-	-
Bank overdraft	60,999	-	-	60,999	-
Financial assets - debt securities	-	-	-	-	-
Financial assets - unquoted equities	2,121	-	-	-	2,121

44.5.1 Financial instruments - Group 2018
Age analysis

	Balance as at 31st March 2018	0 - 30 days	31 - 90 days	91-180days	Over 180 days
FVOCI - securities - quoted	7,186				7,186
Account receivable	1,923,120	-	1,230,797	384,624	307,699
Account payable	10,306,862	9,276,175	-	-	1,030,686
Bank term deposits	8,207,555	-	8,207,555	-	-
Cash and bank	9,388,802	9,388,802	-	-	-
Bank overdraft	6,304	-	-	6,304	-
Financial assets - debt securities	-	-	-	-	-
Financial assets - unquoted equities	3,313	-	-	-	3,313

44.5.2 Financial instruments-Company 2019
Age analysis

	Balance as at 31st March 2019	0 - 30 days	31 - 90 days	91 - 180 days	Over 180 days
FVOCI - securities - quoted	3,325				3,325
Account receivable	2,057,001	-	617,100	925,651	514,250
Account payable	10,072,270	9,065,043	-	-	1,007,227
Bank term deposits	10,250,594	7,834,857	2,415,738	-	-
Cash and bank	7,206,605	7,206,605	-	-	-
Bank overdraft	60,999	-	-	60,999	-
Financial assets - debt securities	-	-	-	-	-
Financial assets - unquoted equities	2,121	-	-	-	2,121

44.5.3 Financial instruments-Company 2018
Age analysis

	Balance as at 31st March 2018	0 - 30 days	31 - 90 days	91 - 180 days	Over 180 days
FVOCI - securities - quoted	2,983				2,983
Account receivable	1,908,795	-	1,221,629	381,759	305,407
Account payable	10,292,462	9,263,216	-	-	1,029,246
Bank term deposits	8,157,250	-	8,157,250	-	-
Cash and bank	9,366,753	9,366,753	-	-	-
Bank overdraft	6,304	6,304	-	-	-
Financial assets - debt securities	-	-	-	-	-
Financial assets - unquoted equities	3,313	-	-	-	3,313

The transaction performance date of the various components of each class of financial instruments have been used in the age analysis constituting the date in which the underlying financial obligation arose.

Notes to the Financial Statements

45 Fair value of financial instruments

Fair value is the price to be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable market participants at the measurement date. The group uses the fair value hierarchy as stated in the accounting policy { Levels 1; 2 and 3 }. There have been no transfers between fair value levels during the reporting period.

45.1 Financial assets - Group 2019

		Level 1	Level 2	Level 3	Carrying amount
45.1.1	Fair value through profit or loss	N' 000	N' 000	N' 000	N' 000
	Equity securities	-	-	-	-
	Debt securities	-	-	-	-
	Derivative contracts	-	-	-	-
		-	-	-	-
45.1.2	Fair Value through other comprehensive income.				
	Equity securities - quoted	6,581	-	-	6,581
	Equity securities - unquoted		2,120	-	2,120
	Debt securities	-	-	-	
		6,581	2,120	-	8,702
45.1.3	Amortized Cost				
	Money market securities	-	-	-	-
	Bank term deposits	-	10,250,594	-	10,250,594
	Commercial papers	-	-	-	-
	Loans to related parties	-	-	-	-
	Loans to third parties	-	-	-	-
	Loans to staff	-	-	5	5
		-	10,250,594	5	10,250,599
45.1.4	Other financial assets				
	Trade receivables	-	-	2,070,188	2,070,188
	Other receivables	-	-	1,275,767	1,275,767
	Cash and cash equivalents	-	7,298,875	-	7,298,875
		-	7,298,875	3,345,955	10,644,831
45.2.1	Financial liabilities				
	Fair value through profit or loss	-	-	-	-
	Derivative contracts	-	-	-	-
45.2.2	Amortized cost				
	Bank borrowings	-	-	-	-
	Debentures and bonds	-	-	-	-
	Bank overdrafts	-	60,999	-	60,999
		-	60,999	-	60,999
45.2.3	Other financial liabilities				
	Trade payables	-	-	10,089,876	10,089,876
	Other payables	-	-	606,799	606,799
	Lease obligations	-	-	-	-
		-	-	10,696,675	10,696,675

The classifications made include only items that constitute financal instruments accordingly the carrying amount of each class of financial instrument in this note may not correspond to the classificatiions in the main financial instruments in some cases.

Notes to the Financial Statements

46 Fair value of financial instruments {cont'd}

46.1 Financial assets - Company 2019

		Level 1	Level 2	Level 3	Carrying amount
49.1.1	Fair value through profit or loss	N' 000	N' 000	N' 000	N' 000
	Equity securities	-	-	-	-
	Debt securities	-	-	-	-
	Derivative contracts	-	-	-	-
		-	-	-	-
46.1.2	Fair Value through other comprehensive income				
	Equity securities - quoted	3,325	-		3,325
	Equity securities - unquoted	-	2,121		2,121
	Debt securities	-	-	-	-
		3,325	2,121	-	5,446
46.1.3	Amortized Cost				
	Money market securities	-	-	-	-
	Bank term deposits	-	10,250,594		10,250,594
	Commercial papers	-	-	-	-
	Loans to related parties	-	-	-	-
	Loans to third parties	-	-	-	-
	Loans to staff	-	-	5	5
		-	10,250,594	5	10,250,599
46.1.5	Other financial assets				
	Trade receivables	-	-	2,057,001	2,057,001
	Other receivables	-	-	1,273,228	1,273,228
	Cash and cash equivalents	-	7,206,605	-	7,206,605
		-	7,206,605	3,330,229	10,536,833
46.2.1	Financial liabilities				
	Fair value through profit or loss	-	-	-	-
	Derivative contracts	-	-	-	-
46.2.2	Amortized cost				
	Bank borrowings	-	-	-	-
	Debentures and bonds	-	-	-	-
	Bank overdrafts	-	60,999	-	60,999
		-	60,999	-	60,999
46.2.3	Other financial liabilities				
	Trade payables	-	-	10,072,270	10,072,270
	Other payables	-	-	603,137	603,137
	Lease obligations	-	-	-	-
		-	-	10,675,407	10,675,407

Level 1 valuation is the price of the related financial instruments obtained from an active market and unadjusted. For the purpose of this all securities traded on the OTC market have equally been classified as Level 1.

Notes to the financial statements

47. Inventory (See Note 17)

This comprised building materials, goods in transit, staff uniforms, work-in-progress, fuel and oil, allied tools and building accessories. The cost elements of these items of inventories are inclusive of all costs which have been directly incurred in bringing the items to their present location and condition as adjusted for the impact of measurement at net realizable value at the end of the reporting period.

The Directors of the company have not pledged any of these items or category thereof in either fixed or floating collateral arrangements as security for any liabilities or loans and no adjustment has been made in these financial statements for any reversal of previous write-downs. Where an increase in previous write-downs of carrying amounts of items of inventory occurs, the company by policy recognizes this as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

48. Group cashflows and cash and cash equivalents

As at the end of the reporting period, there are no cash balances held by the company and its subsidiaries that are not available for use by the group. There are also no legal or regulatory restrictions on the cash balances held by the Group.

The company has not secured any structured facilities or loans from any financial institutions to finance its operations except those relating to short term overdrafts. The balance on overdraft facility secured from Guaranty Trust Bank is shown on note 32. The other overdrawn balances resulted from a transactional gap between the movement of funds from short term deposit accounts and current accounts from which operational disbursements are made which technically do not amount to an overdraft although a formal overdraft facility is structured.

49. Property plant and equipment

The items of property plant and equipment of the company are individually assessed for impairments in the manner specified in IAS 36. All classes of property plant and equipment are depreciated on straight line basis. During the financial year ended 31st March 2019, the company did not acquire any items of property, plant and equipment through business combinations. No class of the company's property plant and equipment was revalued during the reporting period. No subsequent reversals of impairments were made or recognized in the comparative financial statements presented. The company has not pledged any items or class thereof of its property, plant and equipment as security for loans from financial institutions or other forms of liabilities. The company's properties are not encumbered legally or otherwise other than those relating to current litigations discussed under contingent liabilities.

During the period the company did receive compensations from insurance companies for certain items of property plant and equipment that were impaired, lost or given up. These are dealt with in other incomes.

50. Operating segments

The differences in the related risks and rewards associated with each of the distinguishable components of operations of the company have been used as factors in the categorization of the operating segments. The following operating and geographical segments have been reported in the financial statements for the reporting period:

1. Construction contracts and jobbings – revenue is derived and recognized from contract activities and minor jobbing works

2. Facility management services – revenue is derived from contracted period maintenance fees and reimbursement on "charge back basis" of related maintenance supplies and repair/replacement works. Charge back items is at cost plus.

3. Real estate – revenue is derived from property rentals earned from short lettings to third parties and amortized to profit or loss on time apportionment basis.

4. Investments – revenue is derived from dividends received and receivable on equity securities and from short term financial instruments held with financial institutions.

Chief Decision Maker

The chief decision maker as defined by IFRS 8 need not be a single manager or director. Within the company the Chief Decision Maker is a Committee which comprised all the Executive Directors of the Company. The Committee meets on weekly basis and tailor made financial information is provided for consideration and decision making purposes especially as relating to allocation of resources.

50.1 Operating segments' major customers

Construction contracts and Jobbings:

1. Guaranty Trust Bank Plc
2. Green Cage Enterprises Limited
3. The Latter Rain Assembly (Citadel Project)
4. Diamond Bank Plc
5. MTN Limited
6. Central Bank of Nigeria
7. BUA Group Limited

This is substantially fluid due to the nature of construction contracts.

Facility management services:

1. Guaranty Trust Bank Plc.
2. Pier Properties Ltd
3. Siemens Limited
4. Canadian High Commission

Real estate:

1. British Council
2. MSC Limited
3. Canadian High Commission.
4. KLM Airlines

Investments:

1. First City Monument Bank Plc.
2. United Bank for Africa Plc.
3. Zenith Bank Plc.
4. Guaranty Trust Bank Plc

51. Events after the reporting period

Events after the reporting period relate to those transactions and events occurring between the end of the company's financial reporting period and the specific date that the financial statements of the company are authorized for issue by the board.

These events are analyzed in three parts below:

1. Basis of preparation of financial statements

   There were no events arising subsequent to the end of the reporting period that is indicative of the fact that the principle of going concern is no longer applicable to the company neither has any decision been taken subsequent to the end of the reporting period by the directors or management of the company to cease operation or curtail significantly the scale of operations that will precipitate the preparation of the financial statements of the company on another suitable basis other than going concern.

2. Adjusting events – relating to transactions and events that are evidence of conditions that existed as at end of the reporting period and requiring an adjustment to the financial statements. There were no events that were noted between the end of the reporting period and the date the financial statements were authorized for issue that constituted an adjusting event.

3. Non adjusting events – relating to transactions that are indicative of events that arose subsequent to the end of the reporting period and requiring no adjustment to the financial statements. These events are deemed to be related to the financial statements of the subsequent reporting period and they have been so disclosed separately in the financial statements, where applicable.

52. Contingent liabilities on contracts

As at the end of the reporting period 31st March 2019, there were no contingent liabilities deriving from claims, penalties or liquidated damages on contracts.

53. Onerous contracts

There were no contracts currently being executed by the company that were designated as onerous contracts as at the end of the reporting period 31st March 2019.

54. Related party disclosures

Cappa and D'Alberto Plc. is related to the following companies:

Igbobi Development Company Limited – this is a property owning company in which the company owns 100% in the voting rights of the company. The up-stream and down-stream transactions between the two companies are shown in Note 31 – 31.2

Stone Road Properties Limited - this is a property owning company in which the company owns 100% in the voting rights of the company. The up-stream and down-stream transactions between the two companies are shown in Note 31 -31.2.

Clay Industry (Nigeria) Limited – this is a structural clay manufacturing company. Cappa and D'Alberto Plc uses clay products from the company extensively in its construction contracts and allied civil engineering works. Cappa and D'Alberto Plc owns 541,789 units of the ordinary shares of N2.00 each in Clay Industry (Nigeria) Limited. This translates into 4.5% of the company as at 31st March 2019. The details of the upstream and downstream transactions between the two companies are shown in Note 31.2.

55. Legal form

The company was established as a partnership in 1932 and was incorporated in Nigeria in 1950 as a limited liability company. The Company was quoted on the Nigerian Stock Exchange as a public company limited by shares up till the 24th of March 2009 when the shareholders at a general meeting held on that date passed a special resolution to delist the company from the Nigerian Stock Exchange.

This process was officially completed in January 2015. The shareholding structure of the company as at year ended 31st March 2019 is as follows:

- Construction and Engineering Investment A.G 32%
- International Building Investment A.G 25%
- Ibile Holdings Limited 19%
- Ecobank Transnational Incorporated 10%
- Nigerian and Other Associations 14%

These percentages have been rounded off to the nearest whole number for presentation purposes.

56. Principal activities

The company operates principally as building and civil engineering contractors and its two wholly owned subsidiaries are property owning companies.

57. Dividends

At the annual general meeting of the company held on the 16th October 2018, the shareholders approved a dividend of ₦1.00 per ordinary share of ₦0.50K each amounting to ₦246,093,750.00 which was paid net of withholding tax on 24th October 2018 to all registered shareholders in the company as of 16th October 2018.

With respect to the current year the Directors propose a dividend of ₦0.50 kobo per ordinary share to be paid to the shareholders of the company. This dividend is subject to the approval of the shareholders at the next Annual General Meeting.

By the provisions of International Financial reporting Standards IAS 37 on Provisions, Contingent liabilities and Contingent assets, this proposed dividend does not qualify for recognition in the financial statements as it does not constitute a present obligation arising from an event arising during the financial year under review.

58. Earnings per share - basic

The computation of the company and group's earnings per share is stated in the statement of profit or loss and other comprehensive income as required by IAS 1 and the conceptual framework. The company does not have other forms of equity with dilutive potentials. Accordingly the diluted earnings per share have not been calculated for the purpose of these financial statements. Bonus shares have not been issued by the company in the period which would have required the restatement of the earnings per share in the comparative period in accordance with IAS 33.

59. Guarantees and other financial commitments and litigations

i) Charges on assets – The Company did not charge any of its assets to secure loans or other liabilities obtained from financial institutions or other to third parties during the period.

ii) Bonds and guarantees – During the period, the company was granted bonds in relation to its contracting activities. The outstanding bonds (subsisting and new bonds) as at 31st March 2019 was =N= 10.6 Billion and $662,773.65, (2018 =N=15.3 Billion and $404.1666.67). The directors are of the opinion that no liabilities will derive from these bonds.

iii) Financial commitments
The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the company's state of affairs have been taken into consideration in the preparation of these financial statements.

iv) Contingent liabilities
Contingent liabilities are those whose existence can only be confirmed by the occurrence or non-occurrence of certain future events not wholly within the control of the company. No provisions have been made in these financial statements for contingent liabilities in respect of pending litigations. Adequate legal advice has been taken from the solicitors to the company with respect to the probability of any liabilities crystallizing therefrom. Based on

the legal advice received, the Directors are of the opinion that they have good defense against the litigations and there is no likelihood of any financial loss arising therefrom.

No provisions have also been made in respect of any liabilities that may derive from bonds and guarantees issued to clients on contracts. Liabilities may crystallize if any of the company's clients "**calls in**" a bond for breach of the agreed contract terms (liquidated damages). The company has had no history of contract breaches and has no reliable information to anticipate and measure liabilities that could derive therefrom.

Outstanding bonds and guarantees as at the end of the period:

• Advance payment guarantees - bank	N 7,581,228,014
• Advance payment guarantee - Insurance	Nil
• Performance bonds – bank	N 1,669,560,787
• Retention bonds – bank	N 1,596,235,241
• Retention bonds – bank	$ Nil

v) Contingent assets

Contingent assets are those whose existence can only be confirmed by the occurrence or non-occurrence of certain future events not wholly within the control of the Company. The Company has not recognized any contingent assets that could accrue to it from the pending litigations against certain third parties or any other beneficial recourse as at the end of the financial year. The company cannot assess the outcome of these litigations neither could it estimate reliably the sum that could accrue to it from the litigations in form of compensations. Furthermore the company has not recognized any asset that could accrue for it from bonds and allied guarantees issued in its favor by its sub-contractors on contracts.

Bonds and guarantees issued in favor of the company as at the end of the financial period:

• Advance payment guarantees - bank	N 2,105,968,880
• Advance payment guarantees - insurance	N 57,109,521
• Performance bonds – bank	N 131,868,435
• Retention bonds – bank	N 200,282,461
• Retention bonds – bank	$ Nil

vi) Capital commitments

There were no capital commitments at the accounts reporting date ended 31st March 2019 or further disclosure requirements relating to properties in respect thereof as required by IAS16.

60. Pension and severance benefits

The Company maintains a pension and severance benefit scheme for its employees. The contributions to the pension scheme is at the rate of 10% by the employer and 8% by the employee on the earned income of respective employee as defined by the Pensions Reform Act of 2014. This scheme is administered by staff nominated Pension Fund Administrators.

The Company's severance benefits scheme is based on a measurement metric negotiated under the NJIC agreements for all staff. The dues under this scheme is accrued and paid in the period of charge to profit or loss. Any unpaid balance at the end of the reporting period remained outstanding due to timing difference only. No actuarial valuation of this scheme is conducted due to the company's current period settlement policy of computed liabilities.

61. Loans and other transactions favoring directors

The company did not guarantee any loan to directors or other officers of the company during the year. The emoluments of directors have been fully disclosed in note 38.There were no loans outstanding against any of the directors at the end of the reporting period.

62. Investment property (See Note 25)

The group has investments in certain properties across its immediate economic environment from which it derives rental income (the two wholly owned subsidiaries as noted in Note 25 are property owning companies) and some of these properties have been designated investment properties. These properties have been accounted for in these financial statements using the cost model as indicated in the statement of significant accounting policies. As required by IAS 40, the fair value of these properties are required to be separately disclosed in the financial statements even though the company had employed the cost model in accounting for same. The fair value of these properties as at the end of the reporting period 31st March 2019 is estimated by the directors at about =N=1.061 billion. The valuation basis as independently assessed is classified under Level 3 in the fair value valuation hierarchy. Certain other properties from where the company equally derives rental income did not meet the recognition criteria set out in IAS 40 for designation as investment property, accordingly these have been classified along with property plant and equipment.

63. Major Suppliers of the Company

Lafarge WAPCO PLC
Saba Steel Industrial Nig. Ltd.
General BM Ltd.
Dangote Cement Plc

64. Comparative figures

Certain comparative figures have been restated where necessary for better comparison and presentation in the current period and in compliance with the International Financial Reporting Standards

65. Management responses to Key Audit Matters **(KAM)**

The Company's investment policy is to hold those assets (real estate) designated in the financial statements as investment property strategically and for a long term. This policy informed the accounting model employed in accounting for this class of assets. Since the regulating standard does not mandate an independent valuation, the board holds that the market value of these properties as disclosed in the financial statements is credible as that value derived from the last valuation report in prior years as adjusted by changes in the market conditions of those assets.

66. Approval of Financial Statements

These financial statements were approved by the Directors of the Company at a board meeting held on the 25th of July 2019. This date constitutes the date the financial statements were authorized for issue.

The following directors acting on behalf of the Board of Directors hereby authorize these financial statements for issue but without the rights to amend the financial statements subsequently without recourse to the full Board of Directors:

Bruno Cappa ....
Director

Abdul Rafiu B. Adewale ....
Director

Risk management framework.

The Securities and Exchange Commission and the Financial Reporting Council of Nigeria (FRCN) have both revamped their respective corporate governance codes to improve governance with operating entities in Nigeria and avert company failures. At the level of these efforts to improve internal governance within entities is risk anticipation, risk identification and risk mitigation. The complexities in basic business conduct and the technology driven medium of transactions have significantly eliminated risks for entities irrespective of scale, geography or nature of businesses. Operating entities that would over must either deal with these risks in their various forms or risk extinction.

Cappa and D'Alberto Plc has proactively restructured to firstly comply with the requirements of the revamped Code of corporate governance as issued by the Securities and Exchange Commission and that of the Financial Reporting Council of Nigeria although the later has not become effective and secondly indexed its potential risks as a business, the macro-economic risks of operating in Nigeria and Worldwide risks. The Management has been assigned to specific board committees who work in mutual co-operation with key management staff of the company in furtherance of their functions as articulated in their respective charters.

The board committees have been restructured to the following:

1. Finance and General purpose committee
2. Risks and Contract management committee
3. Governance and Remuneration committee

The statutory Audit Committee retains its role and reports to the shareholders at general meetings.

The Board of Cappa and D'Alberto Plc is specially risk conscious and the dangers that un-hedged risks portends to the operations of the group and has developed the required processes and procedures (which are routinely monitored for effectiveness and revised on need basis) within the group to identify risks, manage these risks as far as practicable to eliminate them or at best mitigate the effects of these risks on the financial affairs of the group and its operations. As much as it is desirable risks cannot be totally eliminated in business especially people risk which is the most complex to identify, evaluate and effectively anticipate.

The board of directors has saddled a board committee with the overall group risk management. This committee is the Finance Risk and contract management committee. In the discharge of this function, the committee co-opts key management staff at every strata of top management into its meetings and sessions held in the committee's strive for continuous development, assessment and monitoring of overall risk management framework for the group. All committees meets monthly to review their activities within defined terms of reference and develop reports on activities to the board for further deliberations at its quarterly meetings.

Risk is managed within the group wide **"enterprise risk management framework"** which is approved by the board and routinely reviewed for relevance.

Identifiable risks and Strategies employed by the group to hedge risks

Market risk:

This is the risk of financial loss to the company due to factors that affect the overall performance of the financial market. Market risk may not be eliminated by diversification but may be hedged against. This risk is also called systematic risk and may have extraneous impacts on other risks. The company is not an active investor in the financial market save for some limited equities held in a company listed on the Nigerian Stock Exchange. The significant impact factors associated with market risks are interest rates, inflation rate etc which affect the markets generally.

Legal Risk

Legal risk is all encompassing and may either be narrowly evaluated or widely evaluated. In general terms, it identifies the consequences of a company in not complying with statutory or regulatory obligations in its immediate operating economic environment as well as the consequences of a bad legal advice, self-help, misconceived notions and interpretations of statutes in consummating a business transaction.

The primary impact of legal risk on Cappa and D'Alberto Plc will be the following and the risk mitigating strategies:

- Contingent Liabilities

  The primary items constituting contingent liabilities to Cappa and D'Alberto plc are on-going court actions against the company. Loss recognition therefrom is assessed based on legal advices received on these cases. An incorrect assessment relied on by management may trigger financial losses.

- Construction contracts

  The company executes big ticket contracts and a single poorly negotiated contract can have severe financial implications on the company. The company has evolved over the years and developed the internal capacities which have been replicated in successive management of the company to creditably manage contract legal instrument draftsmanship, preferred contract structure for profitable financial outcome and interpretation of contracts presented by external parties and by so doing avoid pit falls in contracts.

  The company complements its capacity in this regard by seeking other professional opinions in coming to a decision in a contract. The company retains lawyers for appropriate advice on contracts.

- Environmental laws

  The environmental impact of a contract to which the company is a party is carefully evaluated and discussed with the client. The responsibility to secure the required permits required are ceded to the client who is required to put in place the required operations environment to execute the contract. The client may also be required to provide as part of the contract, environmental impact management plan and strategies during and after the execution of the contract to contain the environmental impact of the contract if the contract is adjudged to require this by law or morals. The specialist skill to deliver on containing the environmental impact of contracts may not be wholly resident in the Company and by policy this responsibility is usually ceded to the client although some capacities are retained in the company to manage emergencies relating to environmental hazards.

  The company does not take responsibility for building designs and its approval processes.

- Labor laws

  The company is a heavy employer of labor hands and allied technicians in its core activity – construction. Engagement conditions are entrenched in annual National Joint Industrial Court (NJIC) agreements with the Unions which is respected and executed to the letter by the company. Due legal advice is taken by the company to address labor laws and their interpretation thoroughly. Regular engagements are held with the Union to foster mutual co-operation. All labor entitlements are accrued as incurred and paid in the ordinary course of business.

  Dialogue is employed by management to engender mutual understanding and objective assessment of the businesses and activities of the company.

Business Risk

This risk derives from the way a company is organized and structured to engage in business so as to make profit and improve the company's share value. The risk therefore is that the company may not, given its structure, make profit on its operations due to internal factors not well aligned to recognize these risks and effectively mitigate it or deriving from such external factors as competition curtailing significantly its market share. This broad explanation portends that several risk factors could be attributable to business risk. These are identified below:

1. Contract structure risk

   The Company's operations is structured around executing building contracts. Contracts have different variants and contents. The potential risks associated with each contract may differ significantly and the company strives to manage the risks inherent in specific contracts by specific application of predefined risk management policies and procedures. However in general terms, contracts are broadly classified into **"Fixed Price contracts and Cost-plus contracts"**. The policy of the company is to negotiate a fixed price contract with inbuilt price fluctuation clauses that will entitle the company to claim for additional sums (which are usually outside the control of the company) deriving from changes in prices and labor costs which are unpredictable given the economic environment it operates. This risk mitigation clauses in its contracts is predicated on the fact that most contracts will generally span a period of more than one year and prices are unlikely to be stable for the entire duration of the contract and events in the polity may significantly shift either due to government policy, internal national crisis or global downturns. This strategy preserves the value in the contract. All contracts executed contain the price fluctuation indemnity clauses.

2. Project execution risk

   By the nature of the operations of the company heavy machinery are deployed in the course of execution of a contract. Heavy duty trucks move goods and materials, ancillary equipment and personnel across the country to worksites. Coordinating contract execution itself is a risky venture and all these boil down to the fact that the operations of the company in its entirety are prone to accidents. The contract and risk management committee have developed the culture of risk awareness within the whole gamut of operation of the company. Staff are engaged periodically on safety courses organized in-house and externally. Works processes on sites are followed having regards to strict laid down safety procedures. Safety gears are provided to staff on work sites and a safety team is engaged at every site for the enforcement of company laid down safety rules. All identifiable insurable risks on contract works and contract personnel are covered by insurance contracts. Such risk like fire accident, burglary, goods in transit, work man compensation etc

3. Sub-contractor specific performance risk

   The company in mostly all its contracts is the major contractor and ultimately responsible for coordination and delivery of the contract in accordance with the terms of contract. The contract may be structured to have client nominated sub-contractors or the company may be given the latitude to engage subcontractors directly on contracts. Where the client nominates sub-contractors directly the company negotiates indemnity for loss of time or failures on the part of the subcontractor as a part of the major contract. This indemnity protects the company from damages that would otherwise crystallize for non-performance as well as the retention of its value in the contract. Conversely where it directly nominates subcontractors, the company secures itself with advance payment guarantees provided by the subcontractor for any advance payment made as well as performance bonds in the way and manner specified by the company from the subcontractor. All these are further followed up with adequate supervision and monitoring as well as maintaining a policy of evaluating the financial health of its sub-contractors to avoid financial loss and good relations with subcontractor companies. The company has developed, over the years, a coterie of subcontractors with whom it provides periodic contract training and processes for effectiveness in project delivery.

4. Industrial labor risk

   The workforce of the company is predominantly blue-collar. This class of workforce is highly unionized with persistent demands for wage increases and better conditions of service. The company on account of this is exposed to spikes in wages it must comply with. The conditions of service for this class of staff are mutually registered in NJIC agreements (National Joint Industrial Council) that the operators in the industry must comply with. The risk associated with this industrial labor is mitigated by close relations and engagement with all major operators in the building and construction industry in Nigeria with a strategy to anticipate unrest industrial action, wilful damage to property and wage increases.

   This strategy presents a common front in the management of industrial labor and its associated unrest. This risk is also partially mitigated by the terms of all operating contracts re-price fluctuation clauses. The risk cannot be totally eliminated and partially classified along with overall aggregate risk (systematic).

5. Foreign exchange rate risk

   The company has developed and continually reviews its policies relating to the management and elimination of risk associated with changes in foreign exchange rates. The principal business economic environment of the company is Nigeria and its functional currency is the Nigerian Naira. The focus of the foreign exchange management of the company is the United States Dollar ($) and the Euro (€). Financial assets denominated in foreign currencies relate to cash and bank deposits on short term with certain selected banks in Europe. Other non-bank deposit financial instruments relating to bonds outside Nigeria are carefully structured in line with laid out value protection policies of the company to ensure that repayments are made in the currency of the loan to avoid a direct depletion in value of those securities deriving from currency devaluation or other forms of currency deterioration. Management of risks on exchange rates on operations locally is mitigated by ensuring that all foreign components relating to a specific contract are negotiated immediately after contract sign on date (most inputs would have been reviewed regarding the contract for the respective foreign supplies ahead at pre-tender stage) and directly funded from the advance payment received on the contract such that exchange differences arising on contracts' foreign purchases are significantly eliminated.

Risks on bonds and guarantees

The requirements of every negotiated construction contract often includes the provision of lump sum advance payments by the client to the contractor. Advance payments received on the company's contracts are usually material. In order to provide some comfort to the client for the advance payment given on contracts most clients would usually require the company to provide an "Advance Payment Guarantee" for the equivalent sum advanced from a reputable or nominated bank. In addition to this, contract terms also provide for submission of a performance bond to the client to re-assure the client that the company will execute the contract according to the terms and conditions of the contract, especially delivery timing as well as meeting quality requirements on the contract. In each of these, the client reserves the right to call in the bond for failure to satisfy contract requirements and additional claims on liquidated damages. This potential risk source is managed by the careful and deliberate contract management processes developed within the company to guarantee good contract outcome. This contract management processes and procedures including their underlying logistics come under the direct supervision of the board committee – Risk and Contract Management Committee with direct oversight functions on contracts execution. The contract management framework includes a deliberate policy of segregation of contract funds from general funds. This policy ensures that funds required for contracts works are available on demand to meet contracts financial obligations. Short term investment of contract funds are tied strictly to contract execution time table and only invested in financial instruments that are capable of being converted to cash at short notice without the risk of loss in value on conversion and with non-penalty termination clauses.

The company in a reciprocal arrangement with subcontractors enforces a policy of receiving requisite advance payment guarantees for advances made directly to them on contracts and performance bonds to guarantee faithful execution of the awarded subcontracts on projects. In all circumstances the contract management committee ensures a net open positive position on all subcontracts to mitigate and /or eliminate all risk associated with bonds and guarantees.

Risks on retention bonds

In certain instances, the company claims retentions due on contracts after completion with retention bonds rather than wait for the expiration of the defect liability period. Risk associated with retention bonds are managed by prompt rectification of all defects reported by clients on completed contracts and making adequate provision for the expected costs incurred during the defects liability period using a model simulated from empirical facts through the use of an allowance account. The adequacy of provisions on the allowance account is reviewed monthly and specifically at period end and due recognitions are made in profit or loss

Credit risk

This is the risk of loss of the cash or financial assets deployed/invested in executing a contract or rendering a service to a client on "credit basis" due to the client's ultimate inability to repay the cash advance or fulfill his financial obligations at the end of the agreed credit term. The company's operations can be broadly classified thus:

- Contracts
- Jobbings
- Facility management services
- Property investment (rentals revenue)

Credit risk and their management thereof inherent in these classes of operations are discussed below:

a. Contracts

   In all circumstances the company by its operating contracts policy and pre-condition for sign-on requires all contracts to include the release of an advance payment, notwithstanding that this is equally covered by an advance payment bond / guarantee. Initial contract works and strategic materials and equipment required on the contract are financed from this advance payment as well as any initial progress certificate that could be recovered from this advance payment. On full recovery of this advance payment progressive certificates are expected to be paid by the client in accordance with the terms of the contracts. The board attaches strict compliance with its policy of disengagement from site for contraventions/breaches on contract payment terms. The risk and contract management committee is charged with complete compliance and monitoring of this policy on all contracts. In satisfaction of this board policy the contracts management committee slows down on site works on recognition of delay in complying with the contract payment terms by a client. This is backed up to full works stoppage and ultimately demobilization from site in the event of persistent failure in meeting contract financial obligations by the client. Special clauses are incorporated into contract agreements to provide for indemnity to the company in the event of demobilization and remobilization to site in the course of contract execution.

b. Jobbing

   These are small contracts with short completion cycle which are usually less than one year. Excluding any provision for retentions, the client is required to pay the full contract price up-front as a matter of company policy. Effectively the company does not grant credit on jobbing contracts therefore no associated credit risk derives therefrom. Exceptions are referred to the Contract Management Committee and the Finance Committee for approval.

c. Facility Management Services

Property owners are required to maintain deposit accounts with the company from where progressive invoices are recovered. This service essentially runs a prepaid service as its operational policy save for limited cases of credits that are not material.

d. Property Rentals

Property revenue is derived from the lease/letting of the company's owned properties to third parties. The operational policy of this segment of operation within the company required tenants to prepay for contracted period of rent/lease in advance, usually one year. Tenancy is renewed annually with a requirement that tenants signify intention to renew leases formally within six months to the end of existing tenancy contract. No credit is allowed in this operation to tenants.

The finance and general purpose committee in conjunction with the risks and contracts management committee continually reviews the instituted risk management framework for the evaluation and assessment of its effectiveness in the context of present business realities, obligations, expectations and restructuring of the overall guiding policies to meet the demands of extant and evolving complexities in contract structuring and governing laws. The board receives adequate reports from these committees for guidance in the formulation of policies and attainment of objectives relating thereto.

Operational Risk

The company operates within a geographical location in the world, within an economy, within an industry and a locality. Its operations are inherently impacted by events within these bands of economic fields and internally by its own structure within. Operational risk therefore is the risk of loss that results from external events which may be outside its control, inadequate or failed internal processes, people and systems. The board of directors is directly responsible for designing the operational policies for managing operational risks relating to the operations of the company. The overall risk management framework is also approved by the board of directors and implemented by the management committee. The board maintains direct oversight functions on operational risks management by getting monthly reports from management and real time notice for material loss events requiring immediate intervention. The following are the basic types of operational risks relating to the company:

- Building systems design failures that could potentially cause the company significant financial loss. This could arise from under testing building systems in robust simulations that could have revealed weaknesses in the design before deploying such systems in contracts execution.
- Safety protocols - wanton disregard to pre-designed safety protocols for the operation of machinery on site and non-adherence to safety rules in work processes and movements in the course of contract execution.
- Damage to company assets
- Business disruption including those resulting from industrial action.
- Fiduciary breaches and misuse of confidential information
- Internal and external frauds

The company's operational risk management framework is governed by the following:

- Directors training and empowerment on risk assessment, evaluation and identification for effective contribution to the management of operational risk relating to the company
- Clear strategies for the identification of all associated operational risk and proffering of clear cut policies to address each of these risks specifically.
- Maintenance of strong operational risk culture.
- Effective monitoring and internal reporting
- Maintenance of high ethical standards in the operations and impeccable integrity.
- Commitment to strong cooperate governance.
- Continuous review of the entire gamut of internal control policies, processes and procedures to guarantee continuous relevance and effectiveness.
- Quality control/Compliance Team - embedded within the contracts management committee is a sub-unit responsible for compliance and quality control. The team comprised seasoned engineers who review painstakingly by the overall contracts works processes and procedures, on and off site, to ensure compliance with rules, regulations, safety protocols and loss events reporting and redress. The routine reports generated by this unit is fed into periodic reports to the board of directors for consideration. The recommendations contained therein form the basis for improvement in the overall risk management framework for the group.
- Maintenance of effective disaster recovery procedures and plans
- Secondary storage of company information and data whilst maintaining appropriate cyber security for the protection of trade secrets and other confidential company information.
- Non-Disclosure Agreements (NDAs) – Maintenance of a policy of executing actionable non-disclosure agreements with professionals engaged by the company for statutory functions and allied advisory roles with access to confidential information.
- Whistle blowing policy

People risk

Embedded within operational risk is this subset termed people risk. Of all the risk elements with this band of risks this is by far the most difficult to evaluate and effectively hedge. Human beings are by nature complex. While processes can be engineered and controls developed these will ultimately be put at the disposal of personnel who have been hired through rigorous competence selection processes and possession of required knowledge to creditably execute assigned roles in the organizational management processes. The expectation would be that people will do the right and sensible thing but they hardly do. Most disasters, fraud, accidents are direct results of people not complying with set rules and procedures that will ultimately cause the company huge financial loss and at the other end of the spectrum loss of lives with untoward reputational damage to the company and public trust erosion. The company directly engages the staff and unions in discussions that particularly affect them and continuously review benefits and entitlements to gain staff confidence and cooperation.

Liquidity Risk

Liquidity risk is the group's capacity and ability to meet its cash obligations without incurring unacceptable losses in the process. This is made manifest in the group's capability to efficiently meet both expected and unexpected cash calls without affecting routine or daily operations. The primary objective of the group's liquidity management and mandate to the Board committee charged with these roles are:

- Prospectively assess the need for funds to meet obligations;
- Ensure the availability of cash, credit leg rooms and collaterals to meet those needs at the appropriate time by coordinating the various sources of funds available to the company and group under normal and stressed conditions.

The group's policy is consummating contracts and the execution thereof, and following through on the financial obligations to customers on controls ensures that the primary source of illiquidity is plugged. The secondary cause of illiquidity is efficiently managed by concerted efforts in coordinating resources and their allocation/deployment thereof.

Capital Management

Within the conceptual framework, the concept of capital maintenance adopted in preparing the financial statements is the financial concept. Under this concept profit is earned only if the financial (or money) amount of the ''Net-assets'' at the end of the financial period exceeds the financial amount of Net assets at the beginning of the period after excluding any distributions to and contributions from owners during the period.

The overall objective of the company for the management of its capital is to continually maximize shareholders' values. In order to ensure this, the company has developed operational financial management policies jointly executed and maintained by a board committee, (the finance committee) headed by the Managing Director. Investments of capital are subjected to close scrutiny by the committee and appraised for value creation potentials.

The committee makes formal proposals to the full board and only applies funds after receiving due consent from the Board. Operational financial policies are held within the bounds of applying funds to projects/contracts and for administrative purposes informed by annual operating budget duly approved by the full board.

In terms of what the company manages as capital, these are basically the shareholders' funds of the company maintained within equity and comprised paid up share capital, share premium reserves and retained earnings accumulated over the years. By the special nature of the operations of the company, construction contracts, it receives lump sum amounts from its customers as advance payment on contracts (The company presents due advance payment bonds and guarantees for these). These funds are held in dedicated accounts and in near cash financial instruments that are easily converted to cash at short notice to meet contracts financial obligations without significant loss in value. The short term investments made on these funds provide some income that are recognized in profit or loss in the respective years.

The company is not directly regulated by a statutory regulator within the Nigerian economy, other than the statutory returns it makes to the Securities and Exchange Commission and the Financial Reporting Council of Nigeria. The company is not subject to externally imposed capital requirements.

Estimation uncertainty and underlying assumptions.

In accordance with paragraph 125 of International Financial Reporting Standards 1, the following are the main items with risk of significant adjustment to their carrying amounts and on which the company had made assumptions about the future:

1. Withholding tax receivable - ₦1,171,575,156.73

   Withholding tax receivable classified as an asset derives from a tax regulatory requirement that authorizes customers to deduct applicable withholding tax rate from the gross amount of the company's invoices and remit same to the Federal Inland Revenue Service. This is deemed as an advance payment of company income tax as the credit notes received from customers subsequently could be used to defray computed company income tax. Advance payment of tax is based on the presumption that the company will always report profits on its operations and that the quantum of profits will always exceed the taxes paid in advance. The reality is that reported taxable profit have been lagging behind the advance taxes paid by the company with the result that unused advance payment of taxes have been carried over to subsequent years as assets with significant composition within the shareholders' fund balance. The company assumes that as long as the enabling tax laws allow this to be used in the future it should accordingly continue to record this as an asset unimpaired even though the company has been making some provisions in respect thereof. This presumption be irrebuttable legally valid to continue to recognize this as an asset in the financial statements.

2. Depreciation of property plant and equipment – N557,190,000
The company categorizes items of property plant and equipment into classes and estimates the expected life span of these items of assets as a bucket of same useful lives. This assumption may not hold true for every item of asset in the same class.

3. Advances to subcontractors - ₦1,214,777,970

The process of executing a contract brings together a team of specialist companies each rendering specialized services on aspects of the contract all of which are carefully coordinated by the company as the main contractor on the project. These specialist companies could either be client nominated or engaged directly by the company. The company is largely exposed to subcontractors engaged by it directly on projects. The company assumes that these subcontractors will render their service in occurrence with the terms of their engagement derived from contract specifications notwithstanding the fact that these subcontractors have provided the required advance payment guarantees to cover these advances. The company also assumes that there will be no need to have recourse to these advance payment guarantees and performance bonds provided on the advances as the company expects the engaged subcontractors to deliver on the segment of the project assigned to them.

4.

Advance payment guarantee	₦ 2.135 billion
Performance bonds	₦ 131.9 million
Retention bonds	₦ 200.3 million
APG in $	$90,349.56

The nature of construction contracts requires contractors to provide clients with advance payment guarantees for lump sum advances received on contract, at the on-set and performance bonds. These requirements are to ensure that the contractor executes the contract in accordance with the terms of the contract in its entirety and also guard against diversion of funds. The company assumes that none of its clients will call-in the bonds given by it on contracts as it assumes that it will diligently execute contracts according to the specifics of each contract. Contract funds are sterilized in dedicated accounts and near cash financial instruments at all times to meet the financial requirements of contracts and requisite professionals are employed and maintained within the body of staff for the required deliverables on contracts. The company has not made any provisions in respect of any bonds other than the allowance account maintained for retention bonds.

5. Fair value through OCI - ₦2,990,000(loss)

Certain financial assets of the company have been designated as available for sale, these have been measured at fair value through other comprehensive income. The components not measurable at Level 1 valuation basis have been measured using a valuation model. The company has used several models in the valuation basis to significantly eliminate "model risks". The loss or gains on revaluation of these equities have been recognized on other comprehensive income. These are essentially equities held by the company in quoted companies and un-quoted companies. The company assumes continuous holding of these investments into the nearest foreseeable future. The company had based its estimation of the value of assets classified as available for sale on the following:

- Stock market performance trend
- Stock market prices
- Sectorial performance within the Nigerian Economy
- Dividend pay-out by the constituent companies
- Related competition performance
- Financial statements analysis of the companies involved

The company assumes that the valuation bases employed are adequate and valuation model risk has been significantly eliminated.

6. Inventory - ₦795,755,000

The company maintains several categories of inventory which are stated in the financial statements at the lower of costs and net realizable values. Some of these inventory items are of specialist nature requiring some specialist skills in the assessment and evaluation of their respective 'net realizable values' at the end of the reporting period. The company had relied on the internal competence of its engineers in the valuation of these inventories at period end and had not secured the services of external professionals in the valuation of these inventories. The company assumes that the valuation of these inventories are correct and devoid of errors in quantities and value and that all impairments have been recognized in the physical count of the inventory items and the internal skills employed.

Value Added Statement - Group

	2019 N' 000	%	2018 N' 000	%
Revenue	17,343,902		22,136,571	
Less: Bought in materials, equipment and services:				
Imported materials	3,344,171		4,177,149	
Locally purchased materials	13,376,682		16,708,597	
Value Added form Core Operations	623,049	33	1,250,825	31
Add: Other Income				
Interest received	992,956	52	771,535	19
Other Income	300,009	16	292,681	7
Total Value Added	1,916,015	100	4,055,856	57
Applied as follows				
Employees:				
Staff salaries, benefits and other emoluments	759,245	40	679,960	17
Providers of Loan Capital:				
Interests and similar charges	13,644	1	38,054	1
Providers of Capital:				
Dividends	-	-	-	-
Government:				
Taxation	281,275	15	544,208	13
The Future:				
Fixed assets replacement	557,533	29	746,153	18
Expansion:				
Retained earnings	304,318	16	2,047,480	50
	1,916,015	100	4,055,856	100

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

Value Added Statement - Company

	2019 N' 000	%	2018 N' 000	%
Revenue	17,345,221		22,138,497	
Less: Bought in materials, equipment and services:				
Imported materials	3,345,475		4,045,791	
Locally purchased materials	13,381,901		16,183,162	
Value Added form Core Operations	617,844	33	1,909,544	65
Add: Other Income				
Interest received	986,771	52	766,456	26
Other Income	289,750	15	275,128	9
Total Value Added	1,894,365	100	2,951,128	100
Applied as follows				
Employees:				
Staff salaries, benefits and other emoluments	759,245	40	679,960	23
Providers of Loan Capital:				
Interests and similar charges	13,644	1	38,054	1
Providers of Capital:				
Dividends	-	0	-	-
Government:				
Taxation	274,538	14	(547,505)	(19)
The Future:				
Fixed assets replacement	557,190	29	743,088	25
Expansion:				
Retained earnings	289,747	15	2,037,531	69
	1,894,365	100	2,951,128	100

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

Operating Segment Report - Group

	Contracts & Jobbings	Property Rental Income	Facility Management Services	Interests & Investment Income
	N' 000	N' 000	N' 000	N' 000
Revenue and Other Income	16,502,951	303,378	840,952	994,218
	16,502,951	303,378	840,952	994,218
Less Cost of Sales				
Construction material and stores consumed	4,090,053	56,030	305,386	-
Direct Labor Cost	3,820,463	46,465	132,144	-
Sub-Contracts Charges	6,101,196	77,774	-	-
Rent premium	193,845	-	-	-
Interest/Bond Expense	13,644.15	-	-	-
Plant and Vehicles Running Costs	1,378,772	15,194	37,799	-
Total Cost of Sales	15,597,972	195,462	475,329	-
Operating Profits	904,979	107,916	365,623	994,218

Operating Segment Report - Company

	Contracts & Jobbings	Property Rental Income	Facility Management Services	Interests & Investment Income
	N' 000	N' 000	N' 000	N' 000
Revenue and Other Income	16,502,951	282,258	842,270	987,756
	16,502,951	282,258	842,270	987,756
Less Cost of Sales				
Construction material and stores consumed	4,090,053	56,030	305,386	-
Direct Labor Cost	3,952,607	46,465	132,144	-
Sub-Contracts Charges	6,101,196	77,774	-	-
Rent premium	195,115	-	-	-
Interest/Bond Expense	13,644	-	-	-
Plant and Vehicles Running Costs	1,378,772	15,194	37,799	-
Total Cost of Sales	15,731,386	195,462	475,329	-
Operating Profits	771,565	86,796	366,941	987,756

For the purpose of IFRS 8 the Chief Decision Maker is the management committee. Other joint operating costs that could not be reliably allocated to each of the defined operating segments have been excluded from this presentation.

Five Year Financial Summary - Group

	2019	2018	2017	2016	2015
	N' 000	N' 000	N' 000	N' 000	N' 000
Assets/(Liabilities)					
Inv. Property & Property, plant and equipment	2,503,897	2,560,421	2,832,742	1,689,225	2,125,225
Financial instruments	-	-	-	6,993	15,889
Other long term investments & Assets	-	-	-	247,775	239,408
Working capital net assets	10,631,540	10,484,785	9,474,451	6,523,802	5,634,667
Deferred taxation	(141,633)	(24,667)	(1,101,025)	(354,043)	(607,065)
Staff gratuity fund	-	-	-	-	-
Total Assets - Net	12,993,803	13,020,540	11,206,168	8,113,752	7,408,125
Equity and Reserves					
Issued and Paid-Up capital	123,047	123,047	123,047	123,047	98,438
General Reserves	240,972	240,972	240,972	240,972	241,073
Other equity reserves	49,617	82,570	69,585	(4,346)	4,938
Revenue Reserves	12,580,167	12,573,950	10,772,564	7,754,079	7,063,676
Shareholders' Funds	12,993,803	13,020,540	11,206,168	8,113,752	7,408,125
Revenue and Profits					
Revenue	17,343,902	22,136,571	22,478,694	24,806,724	24,810,417
Operating Profits before tax	585,593	1,503,272	4,702,961	1,329,687	2,367,750
Taxation	281,275	(544,208)	1,364,554	358,736	699,158
Profits after taxation	304,318	2,047,480	3,338,407	970,951	1,668,592
Cashflows					
Net cashflows from operating activities	(210,289)	(1,613,248)	710,145	3,468,226	1,633,556
Net cashflows from investing activities	(1,686,480)	(5,568,084)	160,430	180,001	(205,511)
Net cashflows fron financing activities	(247,853)	(273,398)	(352,142)	(401,034)	(298,681)
Key Financial Information					
Per =N=0.50K share					
Earnings (Naira)	1.24	8.32	13.57	3.95	6.78
Dividends (Naira)	-	-	-	-	-
Dividend Cover (times)	-	-	-	-	-
Net assets (Naira)	52.80	52.91	45.54	32.97	30.10

Earnings per share is calculated based on profit after taxation and the number of issued and fully paid ordinary shares at the end of each financial year. Adjustments are made where applicable for the effects of bonus issue and rights issues.

Net assets per share is based on the net assets and the number of issued and fully paid ordinary shares at the end of each financial year

Five Year Financial Summary - Company

	2019	2018	2017	2016	2015
	N' 000	N' 000	N' 000	N' 000	N' 000
Assets/(Liabilities)					
Inv. Property & Property, plant and equip.	2,502,546	2,558,729	2,827,985	1,680,449	2,132,419
Financial instruments	-	-	-	5,256	10,205
Other long term investments & Assets	586	586	586	268,490	239,408
Working capital net assets	10,548,308	10,415,418	9,417,995	6,486,796	5,605,649
Deferred taxation	(141,591)	(24,523)	(1,098,965)	(351,542)	(605,192)
Staff gratuity fund	-	-	-	-	-
Total Assets - Net	12,909,850	12,950,209	11,147,601	8,089,448	7,382,489
Equity and Reserves					
Issued and Paid-Up capital	123,047	123,047	123,047	123,047	98,438
General Reserves	239,235	239,235	239,235	239,235	239,336
Other equity reserves	26,145	58,151	46,980	(19,783)	(14,453)
Revenue Reserves	12,521,423	12,529,777	10,738,340	7,746,950	7,059,167
Shareholders' Funds	12,909,850	12,950,209	11,147,601	8,089,448	7,382,489
Revenue and Profits					
Revenue	17,345,221	22,138,497	22,459,519	24,788,641	21,058,196
Operating Profits before tax	564,286	1,490,026	4,672,052	1,324,534	2,360,417
Taxation	274,538	(547,505)	1,360,740	356,128	696,888
Profits after taxation	289,747	2,037,531	3,311,312	968,406	1,663,529
Cashflows					
Net cashflows from operating activities	(229,100)	1,416,282	700,788	3,465,570	1,633,556
Net cashflows from investing activities	(1,744,195)	(5,523,055)	156,854	177,093	1,623,591
Net cashflows fron financing activities	(247,853)	(273,398)	(352,142)	(401,034)	(298,681)
Key Financial Information					
Per =N=0.50K share					
Earnings (Naira)	1.18	8.28	13.46	3.94	6.76
Dividends (Naira)					-
Dividend Cover (times)					-
Net assets per share (Naira)	52.46	52.62	45.30	32.87	30.00

Earnings per share is calculated based on profit after taxation and the number of issued and fully paid ordinary shares at the end of each financial year. Adjustments are made where applicable for the effects of bonus issues and rights issues.

Net assets per share is based on the net assets and the number of issued and fully paid ordinary shares at the end of each financial year

Cappa and D'Alberto Plc
Annual Report and Accounts
31st March 2019

Property, plant and equipment schedule
Group

	Leasehold Properties	Land	Building Properties	Furniture & Fittings	Plant & Equipment	Vehicles : Saloon	Vehicles : Commercial	Computer Equipment	Small Plants & Tools	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost										
As at 1st April	302,943	540,017	368,410	130,828	1,681,314	284,060	2,189,388	85,360	2,188,861	7,771,181
Additions during the year	-	-	-	4,550	37,299	-	37,321	1,983	389,769	470,922
Transfer / Reclassification	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	(51.00)	-	-	(51)
Balance 31st March	302,943	540,017	368,410	135,378	1,718,613	284,060	2,226,658	87,343	2,578,630	8,242,052
Depreciation										
As at 1st April	63,056	-	51,719	82,548	1,133,666	245,004	2,079,873	34,498	1,262,835	4,953,198
Acc. Impairment Provisions	-	-	-	-	-	-	-	-	-	-
Charge for the year	5,625	-	31,595	7,918	162,193	22,382	96,309	22,042	398,090	746,153
Transfer / Reclassification	-	-	-	-	-	-	-	-	-	-
Impairment Charges for the year	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	(51)	-	-	(51)
Impairment Disposal for the year	-	-	-	-	-	-	-	-	-	-
Balance 31st March	68,681	-	83,314	90,466	1,295,858	267,386	2,176,131	56,540	1,660,925	5,699,300
Net book value 31st March 2018	234,262	540,017	285,096	44,912	422,755	16,674	50,527	30,803	917,705	2,542,750
Net book value 31st March 2017	239,887	540,017	316,691	48,280	547,648	39,056	109,515	50,862	926,026	2,817,981

Property, plant and equipment schedule
Company

	Leasehold Properties	Land	Building Properties	Furniture & Fittings	Plant & Equipment	Motor Vehicles : Saloon	Motor Vehicles : Commercial	Computer Equipment	Small Plants & Tools	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost										
As at 1st April	302,943	540,017	368,126	129,052	1,675,657	284,060	2,169,578	84,162	2,188,861	7,742,456
Additions during the year	-	-	-	4,550	37,299	-	37,321	1,983	389,769	470,922
Transfers / Reclassifications	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	(51)	-	-	(51)
Balance 31st December	302,943	540,017	368,126	133,602	1,712,956	284,060	2,206,848	86,145	2,578,630	8,213,327
Depreciation										
As at 1st April	63,056	-	51,435	80,983	1,128,687	245,005	2,062,719	33,300	1,262,835	4,928,020
Acc. Impairment Provisions	-	-	-	-	-			-	-	-
Charge for the year	5,625	-	31,595	7,862	161,839	22,382	93,653	22,042	398,090	743,088
Impairment Charges for the year	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	(51)	-	-	(51)
Impairment Disposal during the year	-	-	-	-	-	-	-		-	-
Balance 31st March	68,681	-	83,030	88,845	1,290,526	267,387	2,156,321	55,342	1,660,925	5,671,057
Net book value 31st March 2018	234,262	540,017	285,096	44,757	422,430	16,673	50,527	30,803	917,705	2,542,269
Net book value 31st March 2017	239,887	540,017	316,691	48,069	546,970	39,055	106,859	50,862	926,026	1,888,409

Property, plant and equipment schedule
Group

	Leasehold Properties	Land	Building Properties	Furniture & Fittings	Plant & Equipment	Vehicles : Saloon	Vehicles : Commercial	Computer Equipment	Small Plants & Tools	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost										
As at 1st April	302,943	540,017	368,410	135,378	1,718,613	284,060	2,226,658	87,343	2,578,630	8,242,052
Additions during the year	-	-	-	5,954	333,911	37,265	40,585	7,810	76,532	502,057
Transfer / Reclassification	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	(15,681)	(11,950)	-	-	-	(27,631)
Balance 31st March	302,943	540,017	368,410	141,332	2,036,843	309,375	2,267,243	95,153	2,655,162	8,716,478
Depreciation										
As at 1st April	68,681	-	83,314	90,466	1,295,858	267,386	2,176,131	56,540	1,660,925	5,699,301
Acc. Impairment Provisions	-	-	-	-	-	-	-	-	-	-
Charge for the year	9,545	-	28,439	8,539	169,186	13,078	38,821	20,252	269,673	557,533
Transfer / Reclassification	-	-	-	-	-	-	-	-	-	-
Impairment Charges for the year	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	(15,680)	(11,950)	-	-	-	(27,630)
Impairment Disposal for the year	-	-	-	-	-	-	-	-	-	-
Balance 31st March	78,226	-	111,753	99,005	1,449,364	268,514	2,214,952	76,792	1,930,598	6,229,203
Net book value 31st March 2019	224,717	540,017	256,657	42,327	587,479	40,861	52,291	18,361	724,564	2,487,275
Net book value 31st March 2018	234,262	540,017	285,096	44,912	422,755	16,674	50,527	30,803	917,705	2,542,750

Property, plant and equipment schedule
Company

	Leasehold Properties	Land	Building Properties	Furniture & Fittings	Plant & Equipment	Motor Vehicles : Saloon	Motor Vehicles : Commercial	Computer Equipment	Small Plants & Tools	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Cost										
As at 1st April	302,943	540,017	368,126	133,602	1,712,956	284,060	2,206,848	86,145	2,578,630	8,213,327
Additions during the year	-	-	-	5,954	333,911	37,265	40,585	7,810	76,532	502,057
Transfers / Reclassifications	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	(15,681)	(11,950)	-	-	-	(27,631)
Balance 31st December	302,943	540,017	368,126	139,556	2,031,186	309,375	2,247,433	93,955	2,655,162	8,687,753
Depreciation										
As at 1st April	68,681	-	83,030	88,845	1,290,526	267,387	2,156,321	55,342	1,660,925	5,671,057
Acc. Impairment Provisions	-	-	-	-	-	-	-	-	-	-
Charge for the year	9,545	-	28,439	8,493	168,889	13,078	38,821	20,252	269,673	557,190
Impairment Charges for the year	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	(15,680)	(11,950)	-	-	-	(27,630)
Impairment Disposal during the year	-	-	-	-	-	-	-	-	-	-
Balance 31st March	78,226	-	111,469	97,338	1,443,735	268,515	2,195,142	75,594	1,930,598	6,200,617
Net book value 31st March 2019	224,717	540,017	256,657	42,218	587,451	40,860	52,291	18,361	724,564	2,487,135
Net book value 31st March 2018	234,262	540,017	285,096	44,757	422,430	16,673	50,527	30,803	917,705	2,542,269