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Tata Africa Services (Nigeria) Limited

Annual report and financial statements
For the year ended 31 March 2017

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Company registration No. Rc 669055
Directors, Professional Advisers, Etc.

DIRECTORS:	Behram Sabawala - Resigned January 26, 2017 Rolf Matthias Ramakers - Appointed January 26, 2017. Sanjay Pandya Naresh Leekha
SECRETARIES AND REGISTERED OFFICE:	Marina Nominees Limited Aret Adams House 233 Ikorodu Road Ilupeju Lagos
AUDITORS:	Akintola Williams Deloitte Civic Towers Plot GA1 Ozumba Mbadiwe Avenue Victoria Island Lagos, Nigeria
SOLICITORS:	Chuks Nwana and Co., Wharf Road, Apapa, Lagos.
PRINCIPAL BANKERS:	Standard Chartered Bank Nigeria Limited Zenith Bank Plc United Bank for Africa Plc Guaranty Trust Bank Plc

Report of the directors

The Directors present their report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 March, 2017.

1 Legal Form

The Company was incorporated as a private limited liability Company under the Companies and Allied Matters Act Cap C20 LFN 2004, on 6 October 2006. The Company commenced business activities on 25 March 2008.

2 Principal Activity

The principal activity of the Company is the sales of automobiles, construction equipments, agricultural tractors and provision of after sales services. The Company is also engaged in the trading of industrial chemicals and provision of IT consultancy services.

3 Results for the year

The following is a summary of the Company's operating results for the year:

	2017 N' 000	2016 N' 000
Revenue	8,701,475	6,376,365
Other income	235,300	3,123
Loss before taxation	(1,300,554)	(755,490)
Loss after taxation	(1,119,377)	(817,988)
Accumulated deficit at 31 March	(2,149,318)	(1,029,941)

4 Directors' Interests

The Directors who held office during the year are as shown below:

i. Name of Directors

Behram Sabawala (Indian)	-	Resigned January 26, 2017
Rolf Matthias Ramakers (South African)	-	Appointed January 26, 2017.
Sanjay Pandya (Indian)		
Naresh Leekha (Indian)		

ii. In accordance with Section 249(2) of the Companies and Allied Matters Act of Nigeria CAP C20 LFN 2004, Mr. Naresh Leekha retires from office and being eligible offers himself for election.

iii. In accordance with Section 249(2) of the Companies and Allied Matters Act of Nigeria CAP C20 LFN 2004, Mr. Sanjay Pandya retires from office and being eligible offers himself for election.

iv In accordance with Section 249(2) of the Companies and Allied Matters Act of Nigeria CAP C20 LFN 2004, Mr. Rolf Matthias Ramakers retires from office and being eligible offers himself for election.

5 Directors' Interest in Shares

The share held by Mr. Behram Sabawala was transferred on 26 March, 2017 to Tata Africa Holdings (SA) Proprietary Limited.

6 Directors' Interest in Contracts

In accordance with Section 277 of the Companies and Allied Matters Act, Cap C20 LFN 2004 none of the Directors have notified the Company of any interest in contracts with the Company.

Report of the directors (cont'd)

7 Directors' Responsibilities

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act of Nigeria CAP C20 LFN 2004, the Directors are responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the Company and of the profit or loss for the financial year.

The responsibilities include ensuring that:

a. appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

b. the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act of Nigeria CAP C20 LFN 2004;

c. the Company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed; and

d. the financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

8 Analysis of Shareholding

Shareholder	Shares of N 1 each	%
Tata Africa Holdings (SA) Proprietary Limited	842,840,590	33
Tata International Singapore Pte Limited	1,718,367,286	67
	2,561,207,876	**100**

9 Fixed Assets

Information relating to changes in fixed assets is disclosed in Note 11 of the financial statements.

10 Charitable Donations

In compliance with Section 38(2) of the Companies and Allied Matters Act of Nigeria CAP C20 LFN 2004, the Company did not make any donation to any political association or for any political purpose during the year.

Donations and charitable gifts amounting to N 391,000 were made during the year (2016: nil)

Donations:

	N
Bernard I. Odoh	250,000
Somen Debnath	141,000
	391,000

11 Dealers

The Company appoints dealers of its products across the country. The major dealer is:

Simba Motors Limited

Report of the directors (cont'd)

12 Suppliers

The Company's significant overseas suppliers are:

Tata Motors Limited, India
Tata South East Asia Limited, Hong Kong
Rolfes Africa Proprietary Limited
John Deere Proprietary Limited

The Company's significant local suppliers are:

Iron Products Industries Limited
Talod Oceanair and Freight Limited

13 Post Balance Sheet Events

There were no post balance sheet events which could have a material effect on the financial state of affairs of the Company as at 31 March 2017.

14 Employment and Employees

Employment of Physically Challenged Persons

The Company has no physically challenged person in its employment. However, applications for employment by physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with those of other employees.

Health, Safety and welfare at work

The Company places a high premium on the health, safety and welfare of its employees in their place of work.

Employee Involvement and training

The Company places considerable value on the involvement of its employees in its affairs and keeps them informed on matters affecting them as employees and on various factors affecting the performance of the Company.

15 Auditors

Messrs. Akintola Williams Deloitte are the appointed auditors of the Company

ADETOLA ABERU FRC/2013/ICSAN/00000003280

By order of the Board of Directors
For MARINA NOMINEES LIMITED
Aret Adams House,
233, Ikorodu Road,
Lagos.
16 May, 2017

Statement of Directors' Responsibilities

For the preparation and approval of the Financial Statements

The Directors of Tata Africa Services (Nigeria) Limited are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 March 2017, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the year ended 31 March 2017 were approved by directors on **16 May, 2017.**

On behalf of the Directors of the Company

Sanjay Pandya
Director
FRC/2016/IODN/00000014784

Rolf Matthias Ramakers
Director

Deloitte.

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Independent Auditor's Report

To the Shareholders of Tata Africa Services (Nigeria) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tata Africa Services (Nigeria) Limitedwhich comprise the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Tata Africa Services (Nigeria) Limited as at 31 March 2017 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report.The other information does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

Report on Other Legal and Regulatory Requirements
In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Michael Osinloye, FCA, FRC/2013/ICAN/00000000819
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
23 June, 2017

Statement of profit or loss and other comprehensive income

	Note	2017 N'000	2016 N'000
Revenue	5	8,701,475	6,376,365
Cost of sales	7.1	(6,454,423)	(5,035,070)
Gross profit		**2,247,052**	**1,341,295**
Other income	6	235,300	3,123
Administrative expenses	7.2	(3,283,543)	(1,696,075)
(Loss) from operations		**(801,191)**	**(351,657)**
Net finance cost	7	(499,363)	(403,832)
Loss before taxation		**(1,300,554)**	**(755,489)**
Income tax credit / (expense)	8	181,177	(62,498)
Total loss and total comprehensive loss for the year		**(1,119,377)**	**(817,987)**
Per share data (kobo) - (loss)		(43.71)	(97.05)

The accompanying notes on pages 7 to 39 and other National disclosures on pages 40 and 41 form an integral part of these financial statements.

Statement of financial position
As at 31 March 2017

	Note	2017 N'000	2016 N'000
Assets			
Property, plant and equipment	11	1,252,885	1,320,737
Investments	12	10,000	10,000
Prepayments	16	1,667	3,148
Deferred tax liability	18	42,670	-
Non-current assets		**1,307,222**	**1,333,885**
Inventories	13	2,509,012	2,649,276
Trade and other receivables	14	2,844,560	1,232,567
Prepayments	16	134,352	116,716
Cash and cash equivalents	15	1,078,819	318,058
Current assets		**6,566,743**	**4,316,617**
Total assets		**7,873,965**	**5,650,502**
Equity and liabilities			
Equity			
Share capital	17	2,561,208	842,840
Deposit for shares	17	3,460,374	-
Retained earnings		(2,149,318)	(1,029,941)
Total equity		**3,872,264**	**(187,101)**
Liabilities			
Loans and borrowings	19	-	644,376
Deferred tax liability	18	-	138,508
Non-current liabilities		**-**	**782,884**
Bank overdraft	15	321,340	138,536
Current tax liabilities	8	14,802	15,290
Loans and borrowings	19	1,787,820	2,988,373
Trade and other payables	20	1,877,739	1,912,520
Current liabilities		**4,001,701**	**5,054,719**
Total liabilities		**4,001,701**	**5,837,603**
Total equity and liabilities		**7,873,965**	**5,650,502**

The financial statements were approved by the Board of Directors on 16 May, 2017 and signed on its behalf by

Sanjay Pandya
Director
FRC/2016/IODN/00000014784

Rolf Matthias Ramakers
Director

The accompanying notes on pages 7 to 39 and other National disclosures on pages 40 and 41 form an integral part of these financial statements.

Statement of changes in equity

	Share capital N'000	Retained earnings N'000	Total N'000
Balance at 1 April 2015	842,840	(211,953)	630,887
Comprehensive income for the year			
Deposit for shares	-	-	-
Loss for the year	-	(817,988)	(817,988)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(817,988)	(817,988)
Balance at 31 March 2016	842,840	(1,029,941)	(187,101)
Shares issued during the year	1,718,368	-	1,718,368
Deposit for shares	3,460,374	-	3,460,374
Loss for the year	-	(1,119,377)	(1,119,377)
Other comprehensive income	-	-	-
Total comprehensive income for the year	5,178,742	(1,119,377)	4,059,365
Balance at 31 March 2017	**6,021,582**	**(2,149,318)**	**3,872,264**

Cash flow Statement

	Notes	2017 N'000	2016 N'000
Cash flows from operating activities			
Loss for the year		**(1,119,377)**	**(817,988)**
Adjustments for:			
Depreciation	7.2	116,456	91,186
Net finance costs	7	499,363	403,873
Profit on sale of property, plant and equipment		-	-
WHT credit utilised		(489)	-
Tax (credit) / expense	8	(181,177)	62,498
		(685,224)	(260,431)
Changes in :			
Inventories	13	140,263	(335,068)
Trade and other receivables	14	(1,611,993)	(515,322)
Prepayments		(16,155)	(17,945)
Trade and other payables		(34,778)	658,649
Cash utilized by operating activities		(2,207,887)	(470,117)
Interest paid	7	(499,363)	(403,873)
Income tax paid	8	-	-
Net cash utilized by operating activities		(2,707,250)	(873,990)
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(48,605)	(277,668)
Net cash used in investing activities		(48,605)	(277,668)
Cash flows from financing activities			
Deposit for shares	17	3,460,374	-
Issue of shares		1,718,368	
Repayment of borrowings	19	(1,957,717)	(240,822)
Proceeds from new borrowings	19	112,787	2,111,330
Net cash generated from financing activities		3,333,812	1,870,508
NET CHANGE IN CASH AND CASH EQUIVALENTS		577,957	718,850
CASH AND CASH EQUIVALENTS AS AT 1 APRIL		179,522	(539,328)
CASH AND CASH EQUIVALENTS AS AT 31 MARCH		757,479	179,522

Notes to the financial statements

1. Reporting entity

Tata Africa Services (Nigeria) Limited was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 6 October 2006, and is domiciled in Nigeria. It commenced operations on 25 March 2008.The address of its registered office is Aret Adams House, 233, Ikorodu Road Ilupeju, Lagos. The Company is principally engaged with sales of automobiles, construction equipment, agricultural tractors and provision of after sales services. The Company is also engaged in the trading of industrial chemicals and provision of IT consultancy services.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared on a going concern basis in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council of Nigeria Act No 6, 2011 and the International Financial Reporting Standards.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency.

All financial information presented in Naira has been rounded to the nearest thousands, except where otherwise indicated.

(d) Use of estimates and judgements

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the financial statements

2. Basis of preparation (cont'd)

(e) Going concern considerations

The Company made losses of N1.119 billion during the year (2016: N818 million). However, shareholders' equity increased to N3.872 billion (2016: deficit N187 million) due to additional capital injection of N5.18 billion.
There was also a positive working capital of N2.6 billion (2016; negative N738 million)

These financial statements have been prepared on a going-concern basis, as the parent company Tata International Singapore Pte Limited has confirmed that it would continue to support the Company financially and to ensure the Company fulfils its obligations as and when due.

(f) New standards and interpretations

(i) Application of new and revised International Financial Reporting Standards

In the current year, the Company has applied a number of amendments to IFRSs and a new interpretation issued by the International Accounting standards Board (IASB) that are mandatorily effective:

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities:

Applying the Consolidation Exception

As the Company is not an investment entity (assessed based on the criteria set out as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the
Company's financial statements.

Amendments to IAS 1 Disclosure Initiative

The Company has applied these amendments for the first time in current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes.

However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes. The application of these amendments has not resulted in any impact on the financial performance or financial position of the Company.

Notes to the financial statements

2. Basis of preparation (cont'd)

(f) New standards and interpretations (cont'd)

(i) Application of new and revised International Financial Reporting Standards (cont'd)

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
The Company has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment.

The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the Company already uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Company's financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The Company has applied these amendments for the first time in the current year. The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16,instead of IAS 41.The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The application of these amendments has had no impact on the Company's financial statements as the Company is not engaged in agricultural activities.

Annual Improvements to IFRSs 2012-2014 Cycle
The Company has applied these amendments for the first time in current year. The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below:

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal consolidation) from held for sale to held for distribution to owners (or vice versa).The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for- distribution accounting is discontinued.
The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligation should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid).For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

Notes to the financial statements

2. Basis of preparation (cont'd)

(f) New standards and interpretations (cont'd)

(i) Application of new and revised International Financial Reporting Standards (cont'd)
The application of these amendments has had no effect on the Company's financial statements.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
The Company has applied these amendments for the first time in the current year.

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding the recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. The application of these amendments has had no effect on the Company's financial statements.

(ii) New and revised IFRSs in issue but not yet effective
At the date of authorisation of the financial statements of the Company for the year ended 31 March 2017, the following Standards and Interpretations were in issue:

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

Standard/Interpretation		**Annual accounting period beginning on or after**
IFRS 9	Financial Instruments - New	January 1, 2018
IFRS 15	Revenue from contracts with customer - New	January 1, 2018

IFRS 9 Financial Instruments
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include

a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Notes to the financial statements

2. Basis of preparation (cont'd)

(f) New standards and interpretations (cont'd)

(ii) New and revised IFRSs in issue but not yet effective (cont'd)

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

  The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.

Notes to the financial statements

2. Basis of preparation (cont'd)

(f) New standards and interpretations (cont'd)

(ii) New and revised IFRSs in issue but not yet effective (cont'd)

IFRS 15 Revenue from Contracts with Customers
In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the Company's financial statements.

Notes to the financial statements

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

a. Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date. Gains and losses arising on translation are credited to or charged against income.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for qualifying cash flow hedges, which are recognized in other comprehensive income.

b. Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

Trade receivables principally represent amounts owing to the Company by its customers and credit risk is managed at that level. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers. The carrying amount of the trade receivables equals to their fair value as they are short term in nature and the effect of time value of money is immaterial.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are specific losses that relate to individually significant exposures.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash balances with banks and call deposits.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

Notes to the financial statements

3. Significant accounting policies (cont'd)

b. Financial instruments

(i) Non-derivative financial instruments

Investments at fair value through profit or loss
An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected.

Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Share capital
The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity.

When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

c. Property, plant and equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see accounting policy c (iii)) and impairment losses (see accounting policy f). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

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

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

Notes to the financial statements

3. Significant accounting policies (cont'd)

c. Property, plant and equipment

(ii) Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing a part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the useful lives of each part of an item of property, plant and equipment.

The estimated useful lives, residual values and depreciation methods for the current and comparative years of significant items of property, plant and equipment are reviewed at the end of each reporting period. The depreciation rates applied for the year ended 31 March 2017 and 31 March 2016 are as follows:

Item of PPE Depreciation rate	
Leasehold Land	Over the unexpired lease period
Buildings	5%
Motor vehicles	25%
Office and household furniture	20%
Office, electrical and workshop equipment	25%

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The carrying value of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss (determined by comparing net disposal proceeds with carrying amount) arising on derecognition of the asset is included in the income statement in the year the item is derecognised.

Notes to the financial statements

3. Significant accounting policies (cont'd)

d. Leases

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

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

(i) Leased assets

Assets held by the Company as lessee which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and no assets are recognised in the Company's statement of financial position.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

e. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventories are valued on a weighted average basis except for vehicles which are valued on the specific identification basis.

Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable value. A provision is made for aged inventory to the extent the net realisable value is lower than the landed cost of the inventory. The management exercises its judgement to determine the net realisable value based upon market conditions and the quality of the inventory.

Notes to the financial statements

3. Significant accounting policies (cont'd)

f. Impairment of tangible fixed assets

The carrying amounts of the company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy f (i)). An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset Company that generates cash flows that are largely independent from other assets and Company's. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (Group of units) and then, to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount of assets or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversal of impairment

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Any impairment previously recorded against goodwill is not reversed.

g. Employee benefits

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

Defined contribution scheme

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts in respect of all employee benefits relating to employee service in current and prior periods. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of comprehensive income when they are due.

Pension Scheme

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for their permanent staff. Staff contributions to the scheme are funded through payroll deductions.

Obligations for contributions to the defined contribution plan are recognised as employee benefit expense in profit or loss in the periods which related services are rendered by employees. The employees contribute 8% of basic salary, transport & housing allowances to the fund on a monthly basis along with the employer who contributes 10% of the employee's basic salary, transport & housing allowances.

Notes to the financial statements

3. Significant accounting policies (cont'd)

h. Provisions

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

i. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

The amount of revenue can be measured reliably.

It is probable that the economic benefits associated with the transaction will flow to the Company.

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For local sales, the transfer usually occurs when the product is delivered to the customer's warehouse or when the customer signs the delivery note at the Company's premises. However, for international sales, the transfer occurs on handing the goods over to the relevant carrier at the port. Generally, customers have no right of return.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date.

j. Finance costs

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets through profit or loss where the Company holds such financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss.

Foreign currency gains and losses are reported on a net basis.

Notes to the financial statements

3. Significant accounting policies (cont'd)

k. Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company is subject to the following types of current income tax:-

Company Income Tax- This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act Cap C21, LFN 2004 as amended to date;

Tertiary Education Tax- Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act LFN 2011.

(ii) Deferred tax

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that neither affect accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Notes to the financial statements

4. Critical accounting judgements and key sources of estimation uncertainty

In application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from the other sources. The estimates and associated assumptions are based on historical experience and other actors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimation (see Note 4.2 below), that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Deferred taxation asset

Deferred taxation asset is recognised to the extent that it is probable that taxable profits will be available in future against which the deferred taxation assets can be utilised. The future availability of taxable profits is based on management's judgements regarding future business plans.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation process

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods indicated below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The impact of the application of these standards on the entity's financial information has been determined.

Notes to the financial statements

4.2 Key sources of estimation uncertainty (cont'd)

Foreign exchange valuation
Due to liquidity restrictions in Nigeria, the Company experienced difficulties in obtaining US Dollars from the local banks at the official rate for most part of the financial year. There exists a parallel market where USD can be obtained at approximately 30% - 40% above the official rate. Due to the volatility of the exchange rates, it is difficult to ascertain at what rate the Company can source USD to settle its foreign currency denominated liabilities. The Company has exposure of approximately USD 4 million which is subject to foreign exchange risk as a result of lack of USD stability in the country. The Company has used the quoted bank rate (based on the official bank rate) in translating its monetary assets and liabilities at 31 March 2017, but has assessed the foreign currency situation and has determined that the lack of liquidity may result in an increase in the Dollar/Naira exchange rate by approximately 30%. The estimated impact of a 30% reduction in the value of the Naira would be to adversely impact profits by NGN 0.397 million, as disclosed in Note 22.2 in the financial statements.

Asset lives and residual values
Property, plant and equipment are depreciated to their residual values over their estimates useful lives.

Methods of depreciation, residual values and estimated useful economic lives are reviewed annually, based on management's judgement of relevant factors and conditions.

Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. Short term trade receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

5 **Revenue**	2017 N'000	2016 N'000
Revenue comprises:		
Passenger vehicles	7,305	15,837
Commercial vehicles	2,334,676	2,225,057
Spare parts	360,169	341,090
Chemicals	2,016,406	2,780,179
Infrastructure and construction equipment	155,678	212,914
Information technology	10,129	120,608
Tractors and farming equipment	2,983,745	614,504
Others	760,989	-
Workshop	72,378	66,176
	8,701,475	**6,376,365**

Notes to the financial statements

6 Other income

	2017 N'000	2016 N'000
Provision for slow moving inventory - write back	50,205	-
Rounding off	378	-
Sale of scrap	56	1,846
Provision for debtors - write back	2,662	-
Insurance claims	222	1,277
Sundry income	181,777	-
	235,300	**3,123**

7 Net Finance cost

Interest income	-	40
Total finance income	**-**	**40**
Interest on bank overdraft	(499,363)	(403,873)
Total finance cost	**(499,363)**	**(403,873)**
Net finance cost	**(499,363)**	**(403,833)**

7.1 Cost of sales

Vehicles	1,586,061	2,154,102
Equipment	5,249	117,178
Consultancy - IT	-	104,992
Spare parts	722,269	151,635
Consumables	46,943	28,403
Chemicals	1,443,070	2,380,197
Tractors and implements	1,980,044	514,807
Transportation	82,921	65,239
Clearing and customs charges	63,868	-
Marine insurance	2,619	-
Other direct cost	230,799	138,422
	6,163,843	5,654,975
Opening stock (excluding goods-in-transit)	2,613,608	1,993,703
Closing stock (excluding goods-in-transit)	(2,323,028)	(2,613,608)
	6,454,423	**5,035,070**

Notes to the financial statements

7.2 Administrative expenses

	2017 N'000	2016 N'000
Salaries and wages	742,111	715,349
Staff welfare	77,122	13,214
Staff pension - Employer's contribution	10,190	20,315
Donations	391	-
Courier and postage	6,729	1,908
Printing and stationery	6,084	7,839
Local conveyance	11,190	10,143
Repairs and maintenance	83,284	93,711
Electricity and utilities	7,789	12,423
Rent	79,820	60,342
Newspaper and periodicals	-	129
Legal and professional charges	59,940	17,656
Audit fee	14,433	9,553
Transport and travelling expenses	102,012	80,731
Insurance	29,238	15,054
Bank charges	36,552	342,641
Unrealised exchange loss	599,263	6,568
Realised exchange loss	1,088,911	-
Security expenses	15,027	15,049
Telephone and internet charges	40,256	15,097
Rates	28,256	7,317
Vehicle expenses	2,411	-
Industrial training fund	-	6,022
Advertising and promotion expenses	31,764	46,913
Depreciation	116,456	91,186
Inventory write down	-	58,847
Entertainment	7,393	3,356
Membership and subscription	663	2,221
Provision for doubtful debts	1,794	39,719
Bad debts written off	4,011	
Other fees and expenses	20,914	2,770
Selling expenses	59,539	-
	3,283,543	**1,696,073**

Notes to the financial statements

8 Income tax

(a) Amount recognised in profit or loss

	2017 N'000	2016 N'000
Current tax expense		
Company income tax	-	15,290
Education tax	-	-
	-	**15,290**
Deferred tax (credit) / expense		
Deferred tax	(181,177)	47,208
Tax (credit) / expense	**(181,177)**	**62,498**

Corporation tax is calculated at 30 per cent (2016: 30 per cent) of the estimated taxable profit for the year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN, 2004 as amended.

The charge for education tax of 2% (2016: 2%) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

(b) Reconciliation of effective tax rate

The tax on the company's profit before tax differs from the theoretical amount as follows:

	2017 N'000	2016 N'000
Loss before income tax	(1,300,554)	(755,489)
Tax calculated at the statutory corporation tax rate of 30% and 2%	**(416,177)**	**(241,757)**
Education tax	-	-
Effect of unused tax losses - tax offsets not recognised as deferred tax assets	488,594	267,453
Effect of concessions - investment allowance	108,760	36,802
Tax (credit)/expense	**181,177**	**62,498**

(c) Current tax liabilities

Balance at beginning of the year	15,290	-
Payments during the year	-	-
Provision for the year	-	15,290
Withholding tax credit notes utilised	(488)	-
Total current tax payable	**14,802**	**15,290**

Notes to the financial statements

9 Profit before tax

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

	2017 N'000	2016 N'000
Depreciation (Note 11)	116,456	91,186
Employee benefit expenses (Note 10)	829,423	748,878
Auditors' remuneration (Note 7.2)	14,433	9,553
Operating lease cost (Note 23)	79,820	60,342

10 Employee benefit expenses

(a) Employee benefit expenses during the year comprises:

Salaries and wages	819,233	728,563
Pension contribution	10,190	20,315
	829,423	**748,878**

(b) Employees of the Company, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension costs and certain benefits) in the following ranges:

	2017 Number	2016 Number
₦ 100,001 – ₦ 600,000	-	2
₦ 600,001 – ₦ 800,000	5	31
₦ 800,001 – ₦ 1,000,000	33	38
₦ 1,000,001 – ₦ 1,200,000	26	24
₦ 1,200,001 – ₦ 1,400,000	18	12
₦ 1,400,001 – ₦ 1,700,000	23	17
₦ 1,700,001 – ₦ 2,000,000	10	11
₦ 2,000,001 – ₦ 2,600,000	10	1
₦ 2,600,001 – ₦ 3,000,000	1	1
₦ 3,000,001 – ₦ 16,000,000	9	8
₦ 16,000,001 – ₦ 18,000,000	-	10
₦ 18,000,001 – ₦ 25,000,000	-	5
	135	**160**

(c) Staff

Average number of person employed during the year were:

Managerial	16	31
Senior staff	70	71
Junior staff	49	58
	135	**160**

Notes to the financial statements

10. Employee benefit expenses (cont'd)

(d) Remuneration (excluding pension contributions) for Directors of the Company charged to the profit or loss are as follows:

	2017	2016
	N'000	N'000
Fees	-	-
Salaries	-	-
	-	-

No Director received remuneration during the year.

The number of Directors, excluding the Chairman whose emoluments fell within the following ranges were:

	2017	2016
	Number	Number
N 1,000,001 – N 2,000,000	-	-
N42,000,001 – N 50,000,000	-	-
Nil	4	4
	4	**4**

(e) Chairman's and Directors emoluments:

	2017	2016
	N'000	N'000
Emoluments		
Chairman	-	-
Other Directors	-	-
	-	-
Chairman	-	-
Highest paid Director	-	-
	-	-

The Directors appointed to the board of the Company were non-resident Directors and did not draw any emoluments from the Company during the year.

Notes to the financial statements

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings N'000	Leasehold Land N'000	Motor Vehicles N'000	Office, Electrical and Workshop Equipment N'000	Office and Household Furniture N'000	Capital Work in Progress N'000	Computer equipment N'000	Total N'000
Cost or deemed cost								
At 1 April 2015	595,962	441,769	100,281	98,760	39,743	301,738	-	1,578,253
Additions	-	-	30,843	333	611	245,881	-	277,668
Transfers	478,793	-	-	36,084	32,742	(547,619)	-	-
Balance as at 31 March 2016	1,074,755	441,769	131,124	135,178	73,096	-	-	1,855,921
At 1 April 2016	1,074,755	441,769	131,124	135,178	73,096	-	-	1,855,921
Additions	38,630		16,055	-	-	-	5,282	59,971
Transfers	-	-	(7,453)	(11,477)	(12,987)	-	20,552	(11,365)
Balance as at 31 March 2017	**1,113,385**	**441,773**	**139,726**	**123,701**	**60,109**	**-**	**25,834**	**1,904,527**
Accumulated depreciation and impairment losses								
At 1 April 2015	139,748	100,642	52,309	59,898	21,085	-	-	373,684
Depreciation for the year	34,469	15,516	17,428	17,108	6,667	-	-	91,186
Transfers	32,333		13,300	19,478	5,205	-	-	70,316
Balance as at 31 March 2016	206,550	116,158	83,037	96,484	32,957	-	-	535,186
At 1 April 2016	206,550	116,158	83,037	96,484	32,957	-	-	535,186
Depreciation for the year	56,600	15,215	18,894	11,525	8,804	-	5,418	116,456
Transfers	-	-	-	(13,052)	-	-	13,052	-
Balance as at 31 March 2017	**263,150**	**131,373**	**101,931**	**94,957**	**41,761**	**-**	**18,470**	**651,642**
Carrying amount								
At March 31, 2016	**868,204**	**325,614**	**48,087**	**38,694**	**40,139**	**-**	**-**	**1,320,737**
At March 31, 2017	**850,235**	**310,401**	**37,795**	**28,743**	**18,348**	**-**	**7,364**	**1,252,885**

Notes to the financial statements

11.1 Restrictions on title

At 31 March 2017, there were no restrictions on the title and none of the Company's property, plant and equipment was pledged as security for liabilities at the end of the year (2016: Nil).

11.2 Contractual commitments

At 31 March 2017, the company had no contractual commitments for the acquisition of property, plant and equipment (2016: Nil).

11.3 Compensation for Property, plant and equipment

No compensation was received from third parties for items of Property, plant and equipment that were impaired, lost or given up, that is included in Profit or Loss (2016: Nil).

12 Investment

	2017 N'000	2016 N'000
Investment in TAH Pharmaceuticals Ltd.	10,000	10,000

Details of investment in associate at the end of the reporting period is as follows:

Name	Principal activity	Proportion of ownership interest and voting power held by the Company	
		2017	2016
TAH Pharmaceuticals Limited	Importation and distribution of pharmaceutical products for wholesale and retail	3%	6%

The Company incorporated TAH Pharmaceuticals Limited under the Companies and Allied Matters Act Cap C20, LFN 2004 in October 2011 with the sum of N 10 million. In April 2015, the authorised share capital was increased to 250,000,000 ordinary shares of N 1 each. The authorised share capital of TAH pharmaceuticals was increased from 250,000,000 ordinary shares of N 1 each to 500,000,000 ordinary shares of N 1 each on 8 August, 2016 and was further increased to 1,000,000,000 ordinary shares of N1 each on 10 March, 2017. Tata Singapore Pte Limited increased their total number of ordinary shares held from 149,245,000 ordinary shares to 334,245,000 ordinary shares. Tata Africa Services (Nigeria) Limited retained its 10,000,000 ordinary shares in TAH Pharmaceuticals Limited.

Notes to the financial statements

13 Inventories

	2017 N'000	2016 N'000
Passenger vehicles	-	1,002,219
Commercial vehicles	86,672	13,166
Spare parts	557,386	523,238
Equipment	-	155,489
Tyres	930,859	440
Chemicals	176,085	433,408
Tractors and Implements	572,027	477,240
Consumables	-	8,408
Goods - in -transit	201,969	101,859
	2,524,998	**2,715,467**
Less: Provision for inventory write down	(15,986)	(66,191)
	2,509,012	**2,649,276**

The cost of inventories recognised as an expense by the Company during the year in respect of continuing operations was N 6,454.4 million (2016: N 5,035.1 million).

No inventories are expected to be recovered after twelve months (2016: nil).

No inventories was used as security for borrowings during the period (2016: nil).

14 Trade and other receivables

	2017 N'000	2016 N'000
Trade receivables	1,185,862	900,888
Allowance:		
Doubtful receivables	(52,372)	(53,239)
	1,133,490	847,649
Other receivables	1,711,070	384,919
	2,844,560	**1,232,568**

Trade receivables principally represent amounts owing to the Company by its customers and credit risk is managed at that level. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers.

The carrying amount of the trade receivables equals to their fair value as they are short term in nature and the effect of time value of money is immaterial.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for companies of similar assets in respect of losses that have been incurred but not yet identified.

Notes to the financial statements

14 Trade and other receivables (cont'd)

As at 31 March 2017, the maximum exposure to credit risk for trade receivables by category of goods and services is as follows:

	Carrying Amount	
	2017	**2016**
	N'000	**N'000**
Others	448,493	277,362
Chemicals	510,798	428,012
Workshop	3,820	-
Spare parts	48,673	691
Auto	121,706	141,583
	1,133,490	**847,648**

15 Cash and cash equivalents

	2017	**2016**
	N'000	**N'000**
Cash in hand	3,645	249
Bank balance	1,075,174	317,809
Cash and cash equivalent in the statement of financial position	**1,078,819**	**318,058**
Bank overdrafts	(321,340)	(138,536)
Cash and cash equivalent in the statement of cash flow	**757,479**	**179,522**

16 Prepayment

Prepaid insurance	5,472	9,988
Prepaid rent	40,159	62,978
Other assets	90,388	46,896
	136,019	**119,862**
Non current portion	1,667	3,148
Current portion	134,352	116,714
Total prepayments	**136,019**	**119,862**

Notes to the financial statements

17 Share capital

(a) Ordinary shares capital at 31 March

	2017 N'000	2016 N'000
Authorised:		
5,860,000,000 Ordinary shares of N1 each	5,860,000	860,000
Issued and fully paid:		
2,561,207,876 Ordinary shares (2016: 842,840,000) of N1 each	2,561,208	842,840
Deposit for shares	3,460,374	-
	6,021,582	842,840

The authorized share capital of the company was increased from 860,000,000 ordinary shares of N 1 each to 2,860,000,000 ordinary shares of N1 each on 11 August, 2016 and then again to 5,860,000,000 ordinary shares of N1 each on 28 April 2017. A fully paid up capital amount of N1,718,368,000 was received during the year from Tata International Singapore Pte Limited and shares were allotted accordingly. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

(b) Deposit for shares

At 31 March 2017 the total amount for deposit for shares was N3.460 billion (2016: Nil). This amount meets the condition for classification as deposit for shares.

18 Deferred taxation

Movement in deferred tax balances

	Balance 31 March 2016 N'000	Recognised in profit and loss N'000	Balance 31 March 2017 N'000
Property, plant and equipment	138,507	(81,530)	56,977
Unrealised exchange loss	-	(99,647)	(99,647)
	138,507	(181,177)	(42,670)

19 Loans and borrowings

(a) Short term loan

	Exim Bank India N'000	Zenith Bank N'000	2017 Total N'000	2016 Total N'000
Import finance loan:				
At 1 April	2,319,409	1,313,341	3,632,750	1,762,240
Obtained during the year	112,787	-	112,787	2,111,330
Repayment during the year	(644,376)	(1,313,341)	(1,957,717)	(240,821)
At the end of the year	**1,787,820**	**-**	**1,787,820**	**3,632,749**
Term loan due within one year			**-**	**644,376**
Term loan due after one year			**1,787,820**	**2,988,373**

Import finance facilities were provided by Exim Bank of India and Zenith Bank to finance the working capital requirements of the Company. The facility from Exim Bank of India is covered by a letter of comfort from Tata International Limited. The Exim Bank of India facility is at an interest rate of Libor +4%. The Zenith bank facility was fully repaid during the year.

The Company's exposure to interest rate, foreign exchange and liquidity risks is included in Note 22.

Notes to the financial statements

20 Trade and other payables

	2017 N'000	2016 N'000
Trade payables	1,215,695	194,293
Other payables	325,271	477,771
Due to related parties (Note 21)	336,773	1,240,456
	1,877,739	**1,912,520**

Other payables include the following :

Advance from customers	265,971	266,672
Value added tax payable	-	29,416
Withholding tax payable	10,920	1,639
Other payables	48,380	180,044
	325,271	**477,771**

The Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 22.

21 Related parties

(a) Parent and ultimate controlling party

The Company is a subsidiary of Tata International Singapore Pte Limited incorporated in Singapore.

(b) Transactions with key management personnel

Key management personnel compensation

Key management personnel compensation comprised:

	2017 N'000	2016 N'000
Salaries and other short-term employee benefits	-	-
	-	-

Notes to the financial statements

21 Related parties (cont'd)

(c) Other related party transactions

	Transaction values for the year ended 31 March 2017 N'000	Transaction values for the year ended 31 March 2016 N'000
(i) Purchase of goods		
Tata Africa (Cote D'Ivoire) SARL	5,581	
Tata Motors Limited India	-	54,216
Tata Africa Holdings (Ghana) Limited	55,161	2,853
Tata International Unitech Senegal SA	1,617	-
Tata Uganda Limited	2,287	-
CMC Limited	-	64,814
Tata South-East Asia Limited	645,549	633,175
(ii) Sales of goods and services		
Tata Africa (Cote D'Ivoire) SARL	4,532	155,735
Tata Africa Holdings (Ghana) Limited	-	155,735
Tata International Unitech Senegal SA	7,186	-
Tata International Limited	108,260	-
Tata International Singapore Pte Ltd.	187,332	-
(iii) Services performed by		
Tata Consultancy Services Limited	-	40,177
(iv) Reimbursement of promotional expenses received		
Tata Africa Holdings (Ghana) Limited	236	-
CMC Limited	33,226	-
Tata Africa Holdings (Tanzania) Limited	-	265,163
(v) Reimbursement of expenses paid		
TATA Africa Holdings (Kenya) Limited	766	932
Tata South-East Asia Limited	35,876	-
Tata Africa Holdings (Ghana) Limited	4,098	1,861
Tata International Limited	41,772	11,523
Tata Africa Holdings (SA) Proprietary Limited	61,558	26,465
Tata Motors Limited	134,787	-
(vi) Interest expense		
Tata International Limited	50,417	-
TATA Africa Holdings (Kenya) Limited	8,069	-
Motor-Hub East Africa Limited	6,008	-
Tata International Singapore Pte Limited	3,350	1,768

Notes to the financial statements

21 Related parties (cont'd)

(c) Other related party transactions

(vii) Capital injection

	2017 N'000	2016 N'000
Tata International Singapore Pte Limited	5,178,742	-

(viii) Year-end balances due to related parties

Amount due to related parties:		
Tata South East Asia Limited, Hong Kong	35,719	633,175
Tata Motors Limited, India	-	54,216
Tata Africa (Cote D'Ivoire) SARL	5,581	-
Tata Africa Holdings (Ghana) Limited	54,583	-
Tata Uganda Limited	2,287	-
Tata International Unitech Senegal SA	1,510	-
Tata Africa Holdings (Kenya) Limited	11,010	1,357
Tata Africa Holdings (SA) Proprietary Limited	61,451	26,202
Tata International Singapore Pte Limited	3,350	115,795
CMC Limited	113,502	64,815
Motor-Hub East Africa Limited	6,008	297,709
Tata Consultancy Services Limited	-	40,177
Tata International Limited	41,772	7,010
Total balance due to related parties	**336,773**	**1,240,456**

(ix) Year-end balances due from related parties

Tata Africa (Cote D'Ivoire) SARL	7,718	-
Tata International Unitech Senegal SA	10,289	-
Tata Motors Limited, India	134,787	13,913
	152,794	**13,913**

Notes to the financial statements

22 Financial Instruments

22.1 Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2015.

The capital structure of the Company consists of net debt offset by cash and bank balances) and equity of the Company. The Company is not subject to any externally imposed capital requirements.

22.2 Financial risk management

Introduction and Overview of Company's Risk Management

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign exchange, price risk and interest rate risk). The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Details of the financial assets are as follows:

	Carrying Amount	
	2017	**2016**
	N'000	**N'000**
Trade receivables	1,133,490	847,648
Other receivables	50,095	189,308
Due from related parties	152,794	13,913
Cash and cash equivalents	1,078,819	318,058
	2,415,198	**1,368,927**

Details of the non derivative financial liabilities are as follows :

Bank overdraft	321,340	138,536
Import finance facility	1,787,820	3,632,749
Trade payables	1,215,695	194,293
Other payables	48,380	180,044
Due to related parties	336,773	1,240,456
	3,710,008	**5,386,078**

Notes to the financial statements

22.2 Financial risk management (cont'd)

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, receivables from related parties as well as credit exposures to the Company's customers.

The Company's principal exposure to credit risk is in its trade and other receivables.Trade receivables principally represent amounts owing to the Company by their customers and credit risk is managed at that level. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers.
Exposure to credit risk

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

	Carrying Amount	
	2017	**2016**
	N'000	**N'000**
Trade receivables	1,133,490	847,648
Other receivables	50,095	189,308
Due from related parties	152,794	13,913
Cash and cash equivalents	1,078,819	318,058
	2,415,198	**1,368,927**

Trade receivables

As at 31 March 2017, the maximum exposure to credit risk for trade receivables by category of goods and services was as follows:

	Carrying Amount	
	2017	**2016**
	N'000	**N'000**
Auto	127,330	141,583
Chemicals	508,212	428,012
Workshop	3,996	-
Spare parts	50,922	691
Others	443,030	277,362
	1,133,490	**847,648**

As at 31 March 2017, the maximum exposure to credit risk for trade receivables by their legal nature was as follows:

	Carrying Amount	
	2017	**2016**
	N'000	**N'000**
Small & medium enterprises	106,728	-
Government and parastatals	130,444	80,242
Corporates	896,318	767,406
	1,133,490	**847,648**

Notes to the financial statements

22.2 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Cash and cash equivalents
The Company held cash and cash equivalents of N 1,078.8 million at 31 March 2017 (2016: N 318.05 million), the credit risk on these assets is limited because counterparties are banks with high credit ratings assigned by international credit rating agencies.

Guarantees
The Company's policy is to provide financial guarantees only to related parties. At 31 March 2017, the Company has no guarantees issued (2016: N 60 million). In the previous year, the company issued a letter of comfort to Zenith Bank in respect of credit facilities of N60 million granted to Tah Pharmaceuticals Limited. In the current year, Tah Pharmaceuticals Limited has fully repaid the credit facility.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its cash position and future outflows on an ongoing daily basis. The Company ensures that it has sufficient cash on demand to meet expected operational expenses and liabilities as they fall due.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31-Mar-17

		Contractual cash flows			
	Carrying amount N'000	**Total N'000**	**6 months or less N'000**	**6-12 months N'000**	**More than 1 year N'000**
Non-derivative financial liabilities					
Bank overdraft	**321,340**	321,340	321,340	-	-
Secured bank loans	**-**	-	-	-	-
Import finance facility	**-**	-	-	-	-
Trade payables	**1,215,695**	1,215,695	1,215,695	-	-
Other payables	**48,380**	48,380	48,380	-	-
Due to related parties	**336,773**	336,773	336,773	-	-
	1,922,188	**1,922,188**	**1,922,188**	**-**	**-**

31-Mar-16

		Contractual cash flows			
	Carrying amount N'000	**Total N'000**	**6 months or less N'000**	**6-12 months N'000**	**More than 1 year N'000**
Non-derivative financial liabilities					
Bank overdraft	**138,536**	138,536	138,536	-	-
Secured bank loans	**-**	-	-	-	-
Import finance facility	**3,632,749**	3,632,749	3,632,749	-	-
Trade payables	**194,293**	194,293	194,293	-	-
Other payables	**180,044**	180,044	180,044	-	-
Due from related parties	**1,240,456**	1,240,456	1,240,456	-	-
	5,386,078	**5,386,078**	**5,386,078**	**-**	**-**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Notes to the financial statements

22.2 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

31-Mar-17

	Carrying amount N'000	Total N'000	6 months or less N'000	6-12 months N'000	More than 1 year N'000
Non interest bearing	2,415,197	2,415,197	1,560,675	601,272	253,250
	2,415,197	**2,415,197**	**1,560,675**	**601,272**	**253,250**

31-Mar-16

	Carrying amount N'000	Total N'000	6 months or less N'000	6-12 months N'000	More than 1 year N'000
Non interest bearing	1,368,927	1,368,927	884,586	340,799	143,542
	1,368,927	**1,368,927**	**884,586**	**340,799**	**143,542**

(c) Market risk

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

(i) Currency risk

The risk that the fair value or future statement of cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

31-Mar-17	2017 Naira N'000	2017 USD N'000	2016 Naira N'000	2016 USD N'000
Cash and cash equivalents	757,479	2,703	22,944	75
Trade and other receivables	-	-	-	-
Trade and other payables	-	-	-	-
Due to related parties	(336,773)	(1,201)	1,240,456	(6,313)
Due from related parties	152,794	545	-	71
Short term borrowings	(1,787,820)	(6,381)	3,632,749	(18,487)
Net statement of financial position exposure	**(1,214,320)**	**(4,334)**	**4,896,149**	**(24,654)**

	Average rate		Reporting date spot rate	
Naira	**2017**	**2016**	**2017**	**2016**
USD 1	280.2	197.0	305.9	196.5

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD against the Naira as at 31 March would affect profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considers to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis is performed on the same basis for 2016.

	2017 Profit or loss		2016 Profit or loss	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
Effect in thousands of naira				
Naira (10% movement)	132,570	(132,570)	484,455	(484,455)
Naira (30% movement)	397,709	(397,709)	1,453,366	(1,453,366)

Notes to the financial statements

22.2 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk

The Company is exposed to cash flow interest rate risk on bank overdrafts and other bank credit facilities to the extent that the significant rise in market interest rates would result in an increase in the interest paid by the Company.

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

	Nominal value	
	2017	2016
Fixed-rate instruments	N'000	N'000
Financial liabilities	-	-
Variable-rate instrument		
Financial liabilities	1,466,480	3,494,213

Cash flow sensitivity analysis for variable rate instrument

A 1% increase / decrease in interest rate on the facilities at the end of the reporting period would have decreased/ increased profit for the Company as shown below:

	2017 Profit or loss		2016 Profit or loss	
	Increase	Decrease	Increase	Decrease
Effect in thousands of naira				
1% increase / (decrease) in interest rate	29,330	(29,330)	36,327	(36,327)

(d) Fair values

The carrying amounts of all financial instruments approximate their fair values.

23 Operating Leases

Leases as lessee

The Company leases a number of warehouse and staff residential apartments under operating leases. During the year ended 31 March 2017, an amount of N 79.8 million was recognized as an expense in profit or loss by the Company in respect of operating leases (2016: N 60.34 million). Lease rentals are paid upfront and included in prepayments, which are amortised to the profit and loss over the life of the lease. There are therefore no commitments under non-cancellable operating leases

24 Contingent liabilities and Commitments

There were no contingent liabilities or commitments as at 31 March 2017 (2016:Nil).

25 Subsequent events

There are no post balance sheet events which could have a material effect on the financial position of the Company, as at 31 March 2017 and the results for the year then ended, which have not been adequately provided for or disclosed in these financial statements.

Other National disclosures
Statement of Value Added

	2017 N'000	%	2016 N'000	%
Turnover	8,701,475		6,376,365	
Other income	235,300		3,123	
	8,936,775		6,379,488	
Bought-in-materials and services:				
Local	(973,143)		(483,420)	
Imported	(7,818,945)		(5,422,910)	
Value added	**144,687**	**100**	**473,158**	**100**
Applied as follows:				
To pay employees:				
Salaries and other benefits	829,422	574	748,878	158
To pay providers of capital:				
Interest on loan and overdrafts	499,363	345	403,873	85
To pay Government:				
Taxes	-	-	-	-
Retained in the business for expansion and payment of dividend:				
Depreciation	116,456	80	91,186	19
Deferred taxation	(181,177)	(125)	47,209	10
Profit and loss account	(1,119,377)	(774)	(817,988)	(173)
	144,687	**100**	**473,158**	**100**

Value added represents the additional wealth which the Company has been able to create by its own efforts and the efforts of its employees. This statement shows the allocation of that wealth between the employees, the shareholders, providers of funds, the Government and retention for future growth.

Other National disclosures
5 Years Financial Summary

	2017 N'000	2016 N'000	2015 N'000	2014 N'000	2013 N'000
BALANCE SHEET					
ASSETS					
Fixed assets	1,252,885	1,320,737	1,134,254	995,443	982,319
Investments	10,000	10,000	10,000	10,000	10,000
Deferred taxation	42,670	(138,508)	(91,299)	(92,108)	(87,463)
Net current assets/(liabilities)	2,566,709	(1,379,331)	(422,068)	425,336	476,973
Long term liabilities	-	-	-	(24,730)	-
	3,872,264	**(187,102)**	**630,887**	**1,313,941**	**1,381,829**
CAPITAL AND RESERVES					
Share capital	2,561,208	842,840	842,840	842,840	842,840
Deposit for shares	3,460,374				
Revenue reserve	(2,149,318)	(1,029,941)	(211,953)	471,101	538,989
	3,872,264	**(187,101)**	**630,887**	**1,313,941**	**1,381,829**
PROFIT AND LOSS ACCOUNT					
Turnover	8,701,475	6,376,365	5,437,207	6,296,522	8,963,086
Profit/(loss) before taxation	1,300,554	(755,490)	(683,863)	25,703	400,924
Taxation	181,177	(62,498)	809	(9,306)	(129,033)
Profit/(loss) after taxation	**(1,119,377)**	**(817,988)**	**(683,054)**	**16,397**	**271,891**
Per share data (Kobo):					
(Loss)/Profit	(43.7)	(97.1)	(81.0)	1.9	32.3
Net assets	151	(22)	75	156	164