

CUTIX PLC

THIRD QUARTER ACCOUNTS FOR THE PERIOD ENDED 31 JANUARY 2019

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Corporate Information

Directors: Amb Odi Nwosu > **Chairman**
Mrs. Ijeoma Oduonye > **Chief Executive Officer**
Barr. (Mrs) Ifeoma Nwahiri
Barr. (Mrs) Ogechukwu Maduka
Mr. Nnamdi Ike
Sir Mathias Umego
Dr. Chidozie Nsoedo

Registered Office: 17, Osita Onyejianya Street,
Anuka, Otolu, Nnewi,
Anambra State.
www.cutixplc.com.ng

Postal Address: P. M. B. 5040
Nnewi, Anambra State.

Company Secretary: Mrs. Chinwendu Nwokporo
17, Osita Onyejianya Street,
Anuka, Otolu, Nnewi,
Anambra State.

Registrars: EDC Registrars,
154 Ikorodu Road, Onikpan,
Lagos.

Independent Auditors: Alatta Nzewi Oyeka & Co.,
(Chartered Accountants)
1, Oyediran Street,
Surulere,
Lagos - Nigeria.

Bankers: Access Bank Plc
Diamond Bank Plc
Ecobank Limited
Fidelity Bank Plc
Guaranty Trust Bank Plc
Union Bank of Nigeria Plc
United Bank for Africa Plc
Zenith Bank Plc

Results at a Glance

FOR THE PERIOD ENDED 31 JANUARY 2019

	31-Jan-19 N'000	31-Jan-18 N'000	Increase / (Decrease) N'000	%
Total assets	2,537,412	2,451,807	85,605	3.49
Total liabilities	944,394	1,079,717	(135,323)	(12.53)
Net assets	1,593,018	1,372,090	220,928	16.10
Capital expenditure	179,306	196,654	(17,348)	(8.82)
Authorized share capital	1,435,802	564,198	871,604	154.49
Paid-up share capital	880,661	440,331	440,330	100.00
Total equity	1,593,018	1,372,090	220,928	16.10
No. of shares in issue (units)	1,761,322	880,661	880,661	100.00
Revenue	4,131,577	3,842,874	288,703	7.51
Profit before taxation	462,873	510,868	(47,995)	(9.39)
Taxation - Income tax	(162,006)	(178,804)	16,798	(9.39)
Taxation - Deferred tax	-	-	-	-
Profit after taxation	300,867	332,064	(31,197)	(9.39)
Per Share Data:				
Earnings per share - Actual (kobo)	17	38	(20.62)	(54.70)
Earnings per share - Adjusted (kobo)	17	19	(1.92)	(11.23)
Total assets per share (kobo)	144	278	(134)	(48.25)
Share price at 31 January 2019 (Kobo)	180	228	(48)	(21.05)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 JANUARY 2019

	Notes	3 months 1/11/18-31/01/19 N'000	3rd Quarter ended 31/1/19 N'000	3 months 1/11/17-31/1/18 N'000	3rd Quarter ended 31/1/18 N'000	Audited May'17-Apr'18 N'000
Revenue	6	1,347,930	4,131,577	1,119,134	3,842,874	5,057,374
Cost of sales	7	(1,000,723)	(2,932,978)	(751,077)	(2,672,025)	(3,536,685)
Gross profit		347,207	1,198,599	368,057	1,170,849	1,520,689
Other income	8	12,925	37,395	8,372	16,174	33,897
		360,132	1,235,994	376,429	1,187,023	1,554,586
Distribution costs		(47,791)	(135,644)	(39,909)	(111,889)	(142,212)
Administration expenses		(171,615)	(560,796)	(160,006)	(453,772)	(613,304)
Profit before tax and interest expense		140,726	539,554	176,514	621,362	799,070
Finance costs	9	(22,557)	(76,681)	(39,262)	(110,494)	(137,507)
Profit before taxation	10	118,169	462,873	137,252	510,868	661,563
Income tax expense	11	(41,359)	(162,006)	(48,038)	(178,804)	(221,268)
Profit for the Period		<u>76,810</u>	<u>300,867</u>	<u>89,214</u>	<u>332,064</u>	<u>440,295</u>
Total Comprehensive Income for the period		<u>76,810</u>	<u>300,867</u>	<u>89,214</u>	<u>332,064</u>	<u>440,295</u>
Earnings per share (kobo) - Actual		4	17	10	38	50
Earnings per share (kobo) - Adjusted		4	17	5	19	50

**STATEMENT OF FINANCIAL POSITION
AS AT JANUARY 31, 2019**

	Notes	Unaudited As at January 31, 2019 N'000	Unaudited As at January 31, 2018 N'000	Audited As at April 30, 2018 N'000
Non-Current Assets:				
Property, plant and equipment	12	886,345	840,740	869,103
Long term prepayment	13	<u>11,118</u>	<u>10,417</u>	<u>9,183</u>
Total non-current assets		<u>897,463</u>	<u>851,157</u>	<u>878,286</u>
Current Assets				
Inventories	14	1,140,828	1,076,164	1,317,958
Trade and other receivables	15	373,556	371,185	525,058
Prepayments	16	17,611	6,829	10,604
Cash and cash equivalent	17	<u>107,954</u>	<u>146,472</u>	<u>104,356</u>
Total current assets		<u>1,639,949</u>	<u>1,600,650</u>	<u>1,957,976</u>
Total Assets		<u>2,537,412</u>	<u>2,451,807</u>	<u>2,836,262</u>
Equity:				
Paid up share capital	18	880,661	440,331	440,331
Retained earnings	19	<u>712,357</u>	<u>931,759</u>	<u>858,961</u>
Total Equity		<u>1,593,018</u>	<u>1,372,090</u>	<u>1,299,292</u>
Non Current Liabilities:				
Long term borrowings	20	35,115	21,260	6,337
Deferred tax liabilities	11b	<u>171,120</u>	<u>151,079</u>	<u>171,120</u>
Total Non Current Liabilities		<u>206,235</u>	<u>172,339</u>	<u>177,457</u>
Current Liabilities				
Short term borrowings	21	401,246	478,157	631,154
Trade and other payables	22	229,080	366,185	499,300
Current tax payable	11ii	<u>107,833</u>	<u>63,036</u>	<u>229,059</u>
Total current liabilities		<u>738,159</u>	<u>907,378</u>	<u>1,359,513</u>
Total Liabilities		<u>944,394</u>	<u>1,079,717</u>	<u>1,536,970</u>
Total Equity and Liabilities		<u>2,537,412</u>	<u>2,451,807</u>	<u>2,836,262</u>

The Unaudited Financial Statements on pages 4 to 25 were approved by the Board of Directors on 21st February 2019 and signed on its behalf by:



Engr. Matthias Umego
Director
FRC/2019/COREN/00000019083



Ijeoma Oduonye
Chief Executive Officer
FRC/2016/ICSAN/00000015363



Favour Oti
Chief Financial Officer
FRC/2018/ICAN/00000017811

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 JANUARY 2019

		3rd Quarter ended 31/01/19	3rd Quarter ended 31/01/18
	Notes	May 2018-Oct 2018 N'000	May 2017 -Jan 2018 N'000
Cash Flows From Operating Activities:			
Cash receipts from customers		4,320,474	3,811,655
Cash paid to suppliers and employees		(3,580,847)	(2,915,553)
Value added tax - Input		87,117	75,126
Value added tax - (Output)		<u>(75,657)</u>	<u>(193,207)</u>
Cash generated from operations	23	751,087	778,021
Income taxes paid through withholding tax		-	-
Income taxes paid		<u>(121,226)</u>	<u>(48,159)</u>
Net cash flows from operating activities		<u>629,861</u>	<u>729,862</u>
Cash Flows From Investing Activities:			
Purchase of property, plant & equipment		(179,306)	(196,654)
Proceeds from sale of property, plant & equipment		<u>-</u>	<u>-</u>
Net cash flows from investing activities		<u>(179,306)</u>	<u>(196,654)</u>
Cash Flows From Financing activities:			
Finance costs		(76,681)	(110,494)
Dividend paid		(176,132)	(158,519)
Unclaimed dividend written back/Revalidated dividend paid		6,986	5,421
Long-term borrowings	20	28,778	(31,078)
Short-term borrowings	21	<u>(229,908)</u>	<u>(207,549)</u>
Net cash provided by financing activities		<u>(446,957)</u>	<u>(502,219)</u>
Net Increase in cash and cash equivalents		3,598	30,989
Opening cash and cash equivalent		<u>104,356</u>	<u>115,483</u>
Cash and cash equivalents	17	<u>107,954</u>	<u>146,472</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2019

PERIOD ENDED 31 JANUARY 2019				
	Notes	Issued Share Capital N'000	Retained Earnings N'000	Total Equity N'000
At 01 May 2018		440,331	858,961	1,299,292
Changes in equity for 2019				
Profit for the period		-	462,873	462,873
Capitalization of Bonus shares		440,331	(440,331)	-
Revalidated dividend paid				-
Total comprehensive income for the period		-	462,873	462,873
Transactions with owners recorded directly in equity				
Dividends paid during the year			(176,132)	(176,132)
Unclaimed dividend written back/Revalidated dividend paid		-	6,985	6,985
Total transactions with owners		-	(169,147)	(169,147)
At 31 JANUARY 2019		880,661	1,152,687	1,593,018

PERIOD ENDED 31 JANUARY 2018				
	Notes	Issued Share Capital N'000	Retained Earnings N'000	Total Equity N'000
At 01 May 2017		440,331	573,989	1,014,320
Changes in equity for 2017				
Profit for the period		-	510,868	510,868
Total comprehensive income for the period		-	510,868	510,868
Transactions with owners recorded directly in equity				
Dividends paid during the year	25		(158,519)	(158,519)
Unclaimed dividend written back		-	5,421	5,421
Total transactions with owners		-	(153,098)	(153,098)
At 31 January 2018		440,331	357,770	1,372,090

OTHER NATIONAL DISCLOSURE

STATEMENT OF VALUE ADDED PERIOD ENDED 31 JANUARY 2019

	May'18 - Jan'19		May'17 - Jan'18	
	N'000	%	N'000	%
Revenue	4,131,577		3,842,874	
Other income	37,395		16,174	
Revenue and other income	4,168,972		3,859,048	
Bought-in-materials and services - Foreign	(2,251,748)		(2,093,384)	
Bought-in-materials and services - Local	<u>(635,109)</u>		<u>(590,442)</u>	
Value Added	<u>1,282,115</u>	<u>100.00</u>	<u>1,175,223</u>	<u>100.00</u>
To pay employees' wages:				
Salaries and other benefits	-	-	221,819	18.87
To pay providers of Capital:				
Interest on facilities and finance charges	76,681	5.98	110,494	9.40
Dividend to Shareholders	176,132	13.74	158,519	13.49
To pay Government:				
Income tax	121,226	9.46	48,159	4.10
To provide for enhancement of assets and expansion:				
Depreciation	162,064	12.64	125,364	10.67
Retained earnings	462,873	36.10	510,868	43.47
Deferred tax	-	-	-	-
	<u>998,976</u>	<u>77.92</u>	<u>1,175,223</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

1 The Company

1.1 Legal Form

The Company was incorporated on November 4, 1982 as a private limited liability company. The company was initially quoted in the second tier of the Nigerian Stock Exchange on August 12, 1987 and later migrated to the first tier of the Stock Exchange on February 18, 2008. The address of Company is 17, Osita Onyejiana Street, Anuka, Otolo Nnewi, Anambra State.

1.2 Principal Activities

The principal activities of the Company is manufacturing and marketing of electrical, automobile and telecommunication wires, cables and related products.

2 Basis of Preparation

These financial statements have been prepared using accrual basis of accounting except for cash flow information.

2.1 Going Concern:

The directors have at the time of preparing the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, hence going concern concept of accounting was adopted in the preparation of these financial statements.

2.2 Summary of Standards and Interpretations

2.2.1 IAS 1 Presentation of Financial Statements

This clarifies that entities may present the analysis of each component of other comprehensive income either in the statements of changes in equity or in the notes to the financial statements.

2.2.2 IAS 24 Related Parties

The revised standard provides some exemptions for certain government related entities, clarifies the definition of a related party and includes an explicit requirement to disclose commitment to related parties. The revised standard specifically defines associates of the ultimate parent company as related parties of the entity and they have been treated as such in these financial statements. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the company are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

2.3 New Standards, Amendments and Interpretations Issued but not Effective and not Early Adopted

2.4 Basis of Measurement

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the account which have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets/ (liabilities) measured at fair value. The financial statements are presented in Naira, which is the Company's presentation currency, and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

3 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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 Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and /or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its costs is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Land is carried at cost, less any recognized impairment loss.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

4.1.1 Subsequent Costs

Cost arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

4.1.2 De-recognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognized.

4.1.3 Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight-line basis to write-off assets over their estimated useful lives. Land and assets under construction (work-in-progress) are not depreciated.

Depreciation starts when an asset is ready for use and ends when derecognized or classified as held for sale. Depreciation does not cease when the asset becomes idle or retired from use unless the asset is fully depreciated.

The annual rates used are as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

Leasehold Land	Lease period
Buildings and infrastructure	15 to 40 years
Shops	5 to 30 years
Borehole and tanks	10 years
Furniture and fittings	10 years
Machinery and equipment	10 years
Generator	5 years
Motor vehicles	4 years
Computer equipment	2 years
Freehold Land	Nil

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or where shorter over the period of the lease.

4.1.4 Asset Useful Lives and Residual Values

Property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually. In reassessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4.2 Intangible Assets

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to income statement on a straight line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in the income statement. Intangible assets with an indefinite useful life are tested for impairment annually. Other intangible assets are amortized from the date they are available for use.

4.2.1 Subsequent Expenditure

Subsequent expenditure on computer software and development cost are capitalized only when the future economic benefits embodied in the specific asset to which it relates, all other expenditure is expensed as incurred.

4.2.2 Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in income statement on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this must closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset.

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

4.3 Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is generally determined on a weighted average basis. Costs that are incurred in bringing each product to its present location and condition are accounted for as follows:

Raw Materials

* Purchase cost on a weighted average cost basis.

Finished Goods and Work-in-Progress

* Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Other Inventories and Spares

* The cost of other inventories is based on weighted average. Spare parts are valued at the lower of cost and net realizable value. Value reduction and usage of spare parts are charged to statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The production costs comprise direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

Allowance is made for obsolete, slow moving or defective items where appropriate.

4.3.1 Treatment of Goods in Transit

Goods in transit are recognized in the books as soon as significant risk and rewards of ownership is transferred to the company i.e., date of shipment.

4.4 Receivables

4.4.1 Trade Receivables

Trade receivables are carried at the original amount due from customers, which is considered to be fair value, less allowances for doubtful accounts. Allowance for doubtful accounts is based on a periodic review of all outstanding amounts, where significant doubt about collectability exists, including an analysis of historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms. Significant debt balances are provided for based on the criteria mentioned above and non-significant debts are tested collectively for impairment. Bad debts are written off when identified as uncollectible, and are included within other operating expenses. Subsequent recoveries of amounts previously provided for are credited to the statement of comprehensive income.

4.5 Financial Instruments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity, investments and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

Financial instruments carried at the financial position date include the loans and receivables, accounts receivable, cash and cash equivalents, borrowings and accounts payables. Financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

4.5.1 Financial Assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets carried at statement of financial position date are classified as 'loans and receivables'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as fair value through profit or loss or available for sale. The Company does not use derivative financial instruments.

Loans and Receivables

Loans and receivables include loans to staff and are initially measured at cost but subsequently at amortized cost using the effective interest rate method less impairment. Loans are subject to regular and thorough review as to their collectability and as to available collateral. In the event that any loan is deemed not fully recoverable, an impairment is made to reflect the shortfall between the carrying amount and the present value of the expected cash flows. Interest income on loans receivable is recognized by applying the effective interest rate. The long term portion of loans receivable is included on the statement of financial position under long-term loans receivable and the current portion under current portion of long-term loans receivable. However, where the impact of measuring these loans at amortized cost is not significant, the receivables are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investment in money market instruments. In the statement of financial position and statement of cash flows, bank overdrafts and commercial papers are included in short term borrowings.

4.5.2 Financial Liabilities

The company's financial liabilities at statement of financial position date include 'Borrowings' and 'Trade payables' (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are included in current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date. However, where the impact of measuring trade payable at amortized cost is insignificant, trade payables are carried at cost.

Trade Payables

Trade payable are stated at their original invoiced value. If there is an agreement that interest or premium be paid, it will be calculated and added to the initial amount.

Borrowings

Borrowings, inclusive of transaction cost, are recognized initially at fair value. Borrowings are subsequently stated at amortized costs using the effective interest rate method, any difference between proceeds and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest rate method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

4.6 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

4.7 Impairment of Financial Assets

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date.

4.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the Company. All other leases are classified as operating leases.

4.8.1 Finance Leases

Leases of assets where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at inception at the lower of the fair value of the leased property and the present value of the minimum lease payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in finance lease obligation. The interest element of the lease payment is charged to the income statement over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset and of the lease period. Where a lease has an option to be renewed, the renewal period is considered when the period over which the asset will be depreciated is determined.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

4.8.2 Operating Leases

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognized as an expense in the period in which termination takes place.

4.9 Revenue

This relates to the sale of goods to customers, exclusive of value added tax and less any discounts. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of the consideration is possible, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

4.9.1 Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

4.10 Income Recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

4.10.1 Income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expenses is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life or the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

4.10.2 Interest Expenses

Interest expenses on bank overdrafts, related party loans, borrowings and impairment losses recognized on financial liabilities are included under finance costs of the company.

4.11 Cost of Sales

This item represents the full absorption cost of products sold. The full absorption cost comprises cost of direct materials, labour and the proportion of manufacturing overhead based on normal operating capacity and borrowing costs. The costs of raw materials and consumables are calculated based on the weighted averaged cost principle.

4.12 Post Employment Benefits:

4.12.1 Pension Fund Scheme

In accordance with the provisions of the Pension Reform Act, 2004 the Company has instituted a Contributory Pension Scheme for its employees, where the employees contributes 8% and the Company contributes 10% of the employee emoluments (basic salary, housing and transport allowances). The company's contribution under the scheme is charged to the income statement while employee contributions are funded through payroll deductions.

4.12.2 Productivity Incentive and bonus plans

All full time staff are eligible to participate in the productivity incentive scheme. The company recognizes a liability and an expense for bonuses and productivity incentive, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustment. The Company recognise a provision where there is a past practice that has created a constructive obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

4.13 Taxation

Income tax for the year is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods.

4.13.1 Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA). CITA is assessed at 30% of adjusted profit while Education Tax at 2% of assessable profit.

4.13.2 Deferred Tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- > the carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
- > deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- > a deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.
- > the carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

4.14 Provisions

4.14.1 General

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

4.14.2 Restructuring Provisions

Restructuring provisions are only recognized when general recognition criteria for provisions are fulfilled. Additionally, the company needs to have in place a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and appropriate time-line. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

4.15 Foreign Currency

Transactions in foreign currencies are initially recorded by the company at the functional currency rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that form part of a net investment in a foreign operation. These are recognized in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items is recognized in line with the gain or loss of the item that gave rise to the transaction difference (translation differences on items whose gain or loss recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss respectively).

4.16 Dividend Distributions

Dividend distributions to the company's shareholders are recognized as a liability in the company's financial statements in the period in which the dividends are declared.

Unclaimed dividends are amounts payable to shareholders in respect of dividend previously declared by the company, which have remained unclaimed by the shareholders. In compliance with Section 285 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, unclaimed dividends after twelve years are transferred to retained earnings.

4.17 Employment of Disabled Persons

It is the policy of the company that there should be no discrimination in considering applications for employment including those for disabled persons. As at 30th April 2018, there was one disabled person in the employment of the company.

4.18 Health, Safety at Work and Welfare of Company's Employees

Health and safety regulations are in force within the company and employees are aware of existing regulations. The company provides subsidy to all levels of employees for medical, transportation, housing etc.

4.19 Earnings Per Share

The company presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

4.20 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects and costs directly attributable to the issue of the instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

4.21 Impairment of Non-financial Assets

Goodwill and indefinite life intangible assets are considered for impairment at least annually. Property, plant and equipment, other intangible assets, available-for-sale investments and non-current assets held for sale are considered for impairment if there is a reason to believe that an impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic entity, the viability of the unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. If the information to project future cash flows is not available or could not be reliably estimated management uses the best alternative information available to estimate a possible impairment.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss in respect of goodwill is not reversible. In respect of other assets, impairment losses recognized 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 amortization, if no impairment loss had been recognized.

4.22 Segment Reporting

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of head office expenses, and tax assets and liabilities.

A segment is a distinguishable component of the company that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) which is subject to result and returns that are different from those of other segments. Segment information is required to be presented in respect of the company's business and geographical segment where applicable. Nigeria is the company's primary geographical segment as all the company's income is derived in Nigeria. Additionally, the company operates only in one business segment and accordingly, no further business or geographical information is required.

5 Critical Judgment in Applying the Company's Accounting Policies

The company makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption. The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both the estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities within the next financial are stated below:

- > Impairment of available-for-sale equity financial assets
- > Estimated useful lives of assets
- > Allowances for doubtful accounts
- > Provision for obsolete stock.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

	Jan 31, 2019	Jan 31, 2018	Audited Apr 30 2018
	N'000	N'000	N'000
6 Revenue			
Revenue represents the net amount invoiced to customers for goods supplied within Nigeria.			
Cables & Wire Sales	2,653,476	2,762,679	3,731,196
Metal Product Sales	481	3,828	4,197
Armoured cable sales	1,477,620	1,076,367	1,321,980
	4,131,577	3,842,874	5,057,374
6.i Analysis of revenue by geographical location (within Nigeria)			
Aba	122,374	203,469	244,734
Abuja	482,773	531,326	699,180
Warri	-	16,931	16,931
Enugu	8,620		
Lagos	156,888	274,557	340,973
Nnewi	2,419,770	2,322,205	3,041,329
Port Harcourt	648,015	244,348	382,825
Uyo	293,137	250,038	331,404
	4,131,577	3,842,874	5,057,374
7 Cost of Sales			
Depreciation expenses -Production	76,307	81,751	85,887
Insurance - Production	3,534	3,141	6,127
Maintenance -Production	53,961	48,977	78,143
Power charges	32,255	15,530	20,589
Production wages	92,310	68,363	155,083
Production supplies	144,443	120,961	94,690
Raw material cost	2,509,003	2,315,400	3,072,541
Motor Vehicle-COS	21,165	17,902	23,625
	2,932,978	2,672,025	3,536,685
8 Other income			
(Loss) on sale of property, plant and equipment	-		2,710
Foreign exchange difference	-		1,476
Sales of scrap	37,395	16,174	29,710
	37,395	16,174	33,897
9 Finance cost			
Interest on term loans	6,938	26,264	29,144
Interest on commercial papers	22,504	18,962	26,727
Interest on overdraft	47,239	65,268	81,636
	76,681	110,494	137,507
10 Profit Before Taxation			
The profit for the period is arrived at after charging:			
Directors' fees	537	401	716
Directors' other emoluments	6,108	5,091	8,144
Auditors' remuneration	2,250	1,875	3,000
Finance charges	76,681	110,494	137,507
Depreciation	162,064	125,364	130,726
And after crediting:			
Other income	37,395	16,174	33,897

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

	Jan 31, 2019 N'000	Jan 31, 2018 N'000	Audited Apr 30 2018 N'000
11a Taxation:			
i Income tax recognized in profit or loss			
Taxation on profit on ordinary activities	162,006	111,195	167,857
Education tax	-	-	16,238
Deferred tax (Note 11b)	-	-	16,928
Previous years' under provision	-	-	20,246
Balance per income statement	162,006	111,195	221,268
ii Current liabilities in the statement of financial position			
Taxation on profit on ordinary activities	229,059	111,195	167,857
Education tax	-	-	16,238
	229,059	-	184,095
Balance brought forward		111,195	111,195
Payments during the year	(121,226)		(83,311)
Previous years' under provision *		(48,159)	17,080
Withholding tax utilized			-
Balance per statement of financial position	107,833	63,036	229,059
11b Deferred Taxation:			
At May 1, 2017	171,120	151,079	151,079
Charged to profit or loss	-	-	20,040
At October 31, 2018	171,120	151,079	171,120
11c Reconciliation of effective tax rate			
Profit for the period	300,867	332,064	440,295
Total income tax expense	162,006	178,804	184,095
Profit excluding deferred tax	462,873	510,868	624,390
Effective tax rate	35	35	29

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended to date and Education Tax Act CAP E4 LFN 2004. The Company has adopted the International Accounting Standard (IAS) 12 on the Income Taxes.

11d Analysis of deferred tax is made up of:	Opening	Recognized in	Recognized in	Closing
	Balance	Profit or Loss	OCI	Balance
	N'000	N'000	N'000	N'000
January 31, 2019				
Deferred tax liability or asset in relation to:				-
Property plant and equipment	171,120	-	-	171,120
	<u>171,120</u>	<u>-</u>	<u>-</u>	<u>171,120</u>
January 31, 2018				
Deferred tax liability or asset in relation to:				-
Property plant and equipment	151,726	(647)	-	151,079
	<u>151,726</u>	<u>(647)</u>	<u>-</u>	<u>151,079</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

12 Property, Plant and Equipment

	Land N'000	Buildings N'000	Shops N'000	Borehole & Tanks N'000	Plant & Machinery N'000	Generator N'000	Motor Vehicles N'000	Computer Equipment N'000	Office Equip. Fittings N'000	Capital Work in Progress N'000	Total N'000
Cost:											
At May 1, 2018	26,254	380,720	4,200	23,353	899,147	-	200,997	64,717	44,720	4,438	1,648,546
Additions	-	-	-	-	84,379	70,648	-	21,078	2,651	550	179,306
Reclassification	-	-	-	-	(65,890)	65,890	-	-	-	-	-
Disposal	-	-	-	-	(8,751)	-	(2,763)	-	-	-	(11,514)
At October 31, 2018	<u>26,254</u>	<u>380,720</u>	<u>4,200</u>	<u>23,353</u>	<u>908,885</u>	<u>136,538</u>	<u>198,234</u>	<u>85,795</u>	<u>47,371</u>	<u>4,988</u>	<u>1,816,338</u>
Depreciation:											
At May 1, 2018	-	74,584	840	16,623	494,713	-	131,817	34,251	26,615	-	779,443
Charge for the year	-	7,138	105	1,751	55,587	11,727	53,758	29,395	2,603	-	162,064
Disposal	-	-	-	-	(8,751)	-	(2,763)	-	-	-	(11,514)
At October 31, 2018	-	<u>81,722</u>	<u>945</u>	<u>18,374</u>	<u>541,549</u>	<u>11,727</u>	<u>182,812</u>	<u>63,646</u>	<u>29,218</u>	-	<u>929,993</u>
Carrying Amount											
At January 31, 2019	<u>26,254</u>	<u>298,998</u>	<u>3,255</u>	<u>4,979</u>	<u>367,336</u>	<u>124,811</u>	<u>15,422</u>	<u>22,149</u>	<u>18,153</u>	<u>4,988</u>	<u>886,345</u>
At January 31, 2018	<u>26,254</u>	<u>308,517</u>	<u>3,395</u>	<u>7,310</u>	<u>397,911</u>	-	<u>69,155</u>	<u>7,642</u>	<u>16,118</u>	<u>4,438</u>	<u>840,740</u>
At April 30, 2018	<u>26,254</u>	<u>306,136</u>	<u>3,360</u>	<u>6,730</u>	<u>404,434</u>	-	<u>69,180</u>	<u>30,465</u>	<u>18,105</u>	<u>4,438</u>	<u>869,103</u>

	31-Jan-19 N'000	31-Jan-18 N'000	Apr 30 2018 N'000
13 Long Term Prepayments:			
Prepaid rent	<u>11,118</u>	<u>10,417</u>	<u>(9,183)</u>
This represents unexpired portion of prepaid rent which is due after one year.			
14 Inventories:			
Raw materials	271,264	323,125	452,340
Work in progress	151,975	104,938	212,659
Finished goods	505,537	509,798	487,852
Technical stock and spares	201,285	114,359	146,470
Consumables	2,541	2,530	1,979
Advert and promotion	8,226	21,414	16,657
	<u>1,140,828</u>	<u>1,076,164</u>	<u>1,317,958</u>
15 Trade and other receivables			
Trade receivables	40,280	36,486	58,403
Deposit for imports (See note 15.1)	321,333	318,284	439,190
Staff receivables	7,729	12,114	4,149
Other receivables	4,214	4,301	23,314
	<u>373,556</u>	<u>371,185</u>	<u>525,058</u>
15.1 Deposit for Imports:			
<i>Deposits for imports represent foreign currencies purchased for funding of letters of credit in respect of imported raw materials, spare parts and machinery.</i>			
16 Prepayments			
Prepayments due within one year	28,729	17,246	19,787
Prepayments due after one year (See note 12)	(11,118)	(10,417)	(9,183)
	<u>17,611</u>	<u>6,829</u>	<u>10,604</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

Audited

	January 31, 2019	January 31, 2018	Apr 30 2018
	N'000	N'000	N'000
Cash and Cash Equivalent:			
17			
Cash balances	214	171	137
Access Bank Plc.	6,614	1,787	6,089
Diamond Bank Plc.	14,109	7,786	13,893
Ecobank Limited.	13,572	53,086	21,202
Fidelity bank Plc	4,377		
Guaranty Trust Bank Plc.	26,027	18,725	4,545
Union Bank of Nigeria Plc.	23,496	35,923	34,026
United Bank for Africa Plc.	16,453	21,827	20,731
Zenith Bank Plc.	3,092	7,167	3,733
	<u>107,954</u>	<u>146,472</u>	<u>104,356</u>
18 Share Capital			
Authorized: 2,871,603,392	1,435,802	564,198	1,435,802
Ordinary shares of 50k each	<u>1,435,802</u>	<u>564,198</u>	<u>1,435,802</u>
Issued and Fully Paid: 176,761,322 Ordinary shares of 50k each			
Balance brought forward (<i>issued and fully paid of 50k each</i>)	880,661	440,331	440,331
Bonus issue	-	-	-
Ordinary shares of 50k each	<u>880,661</u>	<u>440,331</u>	<u>440,331</u>
19 Retained Earnings			
Balance brought forward	858,961	573,989	573,638
Transfer from income statement	462,873	510,868	440,295
Revalidated dividend paid	(3,855)	(4,108)	(5,982)
Dividend written back	10,841	9,529	9,529
Capitalization of Bonus shares	(440,331)		
Dividend paid in the year	(176,132)	(158,519)	(158,519)
	<u>712,357</u>	<u>931,759</u>	<u>858,961</u>
20 Long Term Borrowings:			
Diamond Bank Plc. (<i>Note 20a</i>)	59,082		2,666
Union Bank of Nigeria Plc. (<i>Note 20b</i>)	-	55,010	49,673
Additions during the year-Union bank			(4,793)
Current portion (<i>Diamond Bank</i>) <i>Note 20a</i>	(10,900)		(2,666)
Current portion (<i>Union Bank</i>) <i>Note 20b</i>	(13,067)	(33,750)	(38,543)
	<u>35,115</u>	<u>21,260</u>	<u>6,337</u>
20a Diamond Bank Plc.			
This is term facility of N49,124,200 obtained from Diamond Bank Plc repayable over 36 months with effect from January 2019.			
The applicable interest rate on the facility is currently at 23%.			
20b Union Bank of Nigeria Plc.			
The Union Bank Plc facility for N135,000,000 with a moratorium of one year from May 2014. Interest rate is currently at 23%.			
20c			
The lease facility was obtained to finance the acquisition of generator and new machines for replacement of old one			

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

Audited

	January 31, 2019	January 31, 2018	Apr 30 2018
	N'000	N'000	N'000
21 Short Term Borrowings:			
Diamond Bank Plc. <i>(Note 20a)</i>	81,747	62,594	54,941
Current portion	13,067	10,664	2,666
Union Bank of Nigeria Plc. <i>(Note 20b)</i>	82,306	212,765	201,956
Union Bank of Nigeria -Fx Forward	-		32,185
Union Bank of Nigeria Plc. Promissory notes	-		142,069
Current portion	10,900	33,750	38,543
Commercial papers <i>(Note 21a)</i>	213,226	158,384	158,794
	401,246	478,157	631,154
21a The commercial papers were issued to various individuals and Co-operative societies for periods of 90 days renewable at interest rates ranging from 9% to 18%.			
22 Trade and other payables			
Trade payables	87,506	150,766	197,839
Other payables	1,749	3,171	18,529
Accruals	129,786	203,977	259,910
Value added tax payable	9,753	7,985	(108)
Other credit balances	286	286	23,130
	229,080	366,185	499,300
23 Reconciliation of Net Income to Net Cash Provided by Operating Activities:			
Profit before finance costs	539,554	621,362	799,070
Adjustments for:			
Depreciation	162,064	125,364	130,726
Loss on asset disposal	-	-	(2,710)
Operating profit before working capital changes	701,618	746,726	927,086
(Increase)/Decrease in inventories	177,130	26,994	(214,800)
(Increase) Decrease in trade receivables and prepayments	142,559	(46,380)	(203,143)
Increase/(Decrease) in trade and other payables	(270,220)	50,681	183,796
Cash generated from operations	751,087	778,021	692,939
24 Staff Cost			
Salaries and wages	-	146,843	201,572
Medical, welfare, pension and training	-	74,976	86,988
	-	221,819	288,560
25 Directors and Employees:			
(i) Chairman's Emoluments:			
As Executive			
Fees	83	83	111
Other	275	141	366
	358	224	477
(ii) Other Directors' Emoluments:			
As Executive	4,630	4,260	6,173
Fees	454	319	605
Other	1,204	690	1,605
	6,287	5,269	8,383

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019**

	January 31, 2019	January 31, 2018	Audited Apr 30 2018
	N'000	N'000	N'001
(iii) The number of directors excluding the Chairman whose emoluments were within the following ranges were:-			
N20,000 - N40,000	-	-	-
N40,001 - N60,000	-	-	-
Above N60,001	6	6	6
Number of directors who had no emoluments	None	None	None
(iv) Employees remunerated at higher rates:			
The number of employees in receipt of emoluments within the following ranges were:-			
N200,000 - N300,000	105	80	69
N300,001 - N400,000	50	28	42
N400,001 - N500,000	19	10	45
N500,001 - N600,000	17	15	19
Above N600,001	<u>57</u>	<u>30</u>	<u>49</u>
(v) Staff Costs:			
The number of persons employed at 31st January and the staff costs were as follows:			
Managerial	16	17	18
Intermediate staff	59	43	46
Junior staff	<u>173</u>	<u>146</u>	<u>160</u>
	<u>248</u>	<u>206</u>	<u>224</u>
<i>The related staff costs amounted to N 283,139,000 (2017- N 221,819,250)</i>			
(vi) Key management compensation			
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.			
Key management compensation includes:			
Short term employee benefits:			
Wages and salaries:			
Directors emoluments	358	224	477
Post employment benefits:			
Defined contribution plan	18,752	12,907	19,288
	<u>19,110</u>	<u>13,131</u>	<u>19,766</u>
26 Dividends Paid and Proposed			
Dividends on ordinary shares declared and paid during the year			
Final dividend for 2018: 20 kobo per share (2017: 18 kobo per share)	<u>176,132</u>	<u>158,519</u>	<u>158,519</u>
27 Earning Per Share			
a. Basic			
Basic earning per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.			
	January 31, 2019	January 31, 2018	Apr 30 2018
Weighted average number of shares in issue ('000)	1,761,324	880,662	880,662
Profit attributable to ordinary equity shareholders ('000)	300,867	332,064	440,295
Basic earning per share (Kobo)	17.08	37.71	50.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

b. Diluted

There were no potentially diluted shares outstanding at 31 January 2019.

28 Financial Risk Management and Financial Instruments

The Company has exposure to the following risks from its use of financial instruments:

- › credit risk
- › liquidity risk
- › market risk

Risk management framework

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

The Company's risk management policies identify and analyze 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 will be reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its regular training and management standards and procedures, will develop a disciplined and constructive control environment in which all its employees understand their roles and obligations after which regular reviews of risk management controls and procedures are undertaken by the internal audit department, the results of which are reported to the Risk Management Committee .

The Company's Board of Directors will oversee and monitor compliance with the Company's risk management policies and procedures, and will review the adequacy of the risk management framework in relation to the risks faced by the Company.

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, and arises principally from the company's receivables from customers and other related parties.

The carrying amount of financial assets represent the maximum credit exposure.

	January 31, 2019	January 31, 2018	Apr 30 2018
	N'000	N'000	N'000
Trade and other receivables	373,556	371,185	525,058
Cash and cash equivalents	107,954	146,472	104,356
	481,510	517,657	629,414

b. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. 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's general rule is to ensure that cash flow on its contracts is positive or less neutral.

Typically, the Company's credit term with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of netting agreements.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the

- c. 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, whilst optimizing the returns.

The Company manages market risks by keeping cost low through various optimization programmes. Moreover, market developments are monitored and discussed regularly and mitigating actions are taken where necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

Currency Risk

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

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. The Company has no export sales. Thus the exposure to currency risk in that regard is non existence. The Company's significant exposure to currency risk relates to its importation of various materials and other property, plant and equipment. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis.

29 Defined Contribution Scheme:

The company complies with the provisions of the Pension Fund Reform Act 2004 whereby employer contributes 10% and employee contributes 8% of basic, housing and transport allowances on monthly basis. Both employer and employee contributions are remitted monthly to the employees' chosen Pension Fund Administrators (PFA). Employers contribution amounted to ₦18.8million (2018: ₦13.3million) has been charged to income statement.

30 Event after Reporting Date:

The Directors are of the opinion that there are no events after the reporting date, which could have had material effect on the state of affairs of the Company at 31 January 2019 and on the Statement of Profit or Loss and Other Comprehensive Income for the year ended on that date, which have not been adequately provided for or recognized.