

SCOA NIGERIA PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2016

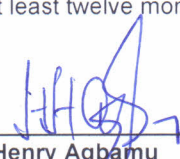
The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, requires the directors to prepare consolidated financial statements for each financial year that give a true and fair view of the state of financial affairs of the group at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the group:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the companies and allied matters act, CAP C20, laws of the federation of nigeria, 2004;
- b) establishes adequate internal controls to safeguard its asset and to prevent and detect fraud and other irregularities; and
- c) prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual consolidated financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; in compliance with Financial Reporting Council of Nigeria Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004.

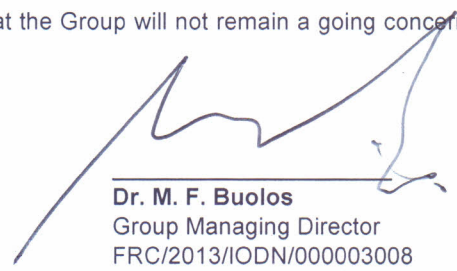
The Directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the Group and of its loss for the year ended 31 December 2016. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated financial statements, as well as adequate systems of internal financial control.

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



Mr. Henry Agbamu
Chairman
FRC/2013/NIM/000003968

Dated: 30 March 2017



Dr. M. F. Buolos
Group Managing Director
FRC/2013/IODN/000003008

Dated: 30 March 2017

REPORT OF THE STATUTORY AUDIT COMMITTEE

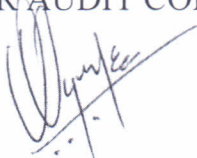
To the Members of Scoa Nigeria Plc.

In compliance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, We, the Members of the Statutory Audit Committee of Scoa Nigeria Plc., having carried out our functions under the Act, confirm that the accounting and reporting policies of the Company as contained in the Audited Financial Statements for the year ended 31st December, 2016 are in accordance with legal requirements and agreed ethical practices.

We confirm that the external Independent Auditors, Messrs PKF Professional Services, Chartered Accountants have issued an unqualified opinion on the Company's Financial Statements for the year ended 31st December 2016.

In our opinion, the scope and planning of the Audit for the year ended 31st December, 2016 were adequate.

MR. DAVID OGUNTOYE, JP.
FOR AUDIT COMMITTEE



FRC/2013/ANAN/00000002787

Dated this 30th of March, 2017

Members of the Statutory Audit Committee:

Hon. Magnus Onyibe	- Chairman
Mr. Tajudeen Adeshina	- Member
Chief Edmund U. Njoku	- Member
Prince Boniface Nwabuko	- Member
Mr. David Oguntoye, JP.	- Member
Engr. Amresh Shrivastava	- Member

The Company Secretary/Legal Adviser, Mr. Olanrewaju O. Obadina acted as the Committee's Secretary during the year.

Independent Auditor's Report

To the Shareholders of SCOA Nigeria Plc

Opinion

We have audited the consolidated financial statements of **SCOA Nigeria Plc** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs); in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters below relate to the audit of the consolidated financial statements.



Accountants &
business advisers

Key Audit Matters	How the matters were addressed in the audit
1. Revaluation of property plant and equipment – Land and building The group revalued its land and building during the year. As at 31 December 2016, the revalued figure for these category of Property plant and equipment amounted to N4.616 billion and it resulted to N4.607 billion revaluation surplus. The revaluation techniques used to arrive at the revaluation figures involved the use of some assumptions which include; current market trends in land and building in entity's neighbourhood, that the property is in good condition and not disputable or affected by any Government policy affecting the allocation of land, that the land belongs to SCOA Nigeria Plc and that the information supplied by management is correct. The group uses the assistance of an external independent Estate Surveyor in the assessment of these assumptions to arrive at the open market value of the properties. Further disclosure on this is in note 17 to the consolidated financial statements. We identified the revaluation of land and buildings as representing a key audit matter due to uncertainties that are inherent in the underlying assumptions used in the report.	We assessed the competence, capabilities and objectivity of the external independent Estate Surveyor, and verified their qualifications. In addition, we discussed the scope of their work with the management and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that approaches used are consistent with IFRS. We reviewed the valuation report and their judgments mostly on the financial and market assumptions applied in estimating the items fair valued In addition, we assessed the adequacy of the disclosures that relates to revaluation of property plant and equipment in the consolidated financial statements.
2. Valuation of Long term employee benefits liabilities The group operates both defined contribution plans and defined benefit plans. As at 31 December 2016, the estimated gratuity liability stood at N60.8 million. The actuarial techniques used to assess the value of defined benefit plans involved financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc.). The group uses the assistance of an external independent actuary in the assessment of these assumptions. Further disclosure on this is in note 29.2 We identified the valuation of long term employee benefits liability as representing a key audit matter due to uncertainties that are inherent in the underlying assumptions.	We assessed the competence, capabilities and objectivity of the external independent actuary, and verified their qualifications. In addition, we discussed the scope of their work with the management. We confirmed that approaches used are consistent with IFRS and industry norms. We made use of our internal expert to evaluate the management and their valuer's judgements, mostly on the financial and demographic assumptions. We compared the data provided to the valuer by management against the one given to Auditor during the audit to ensure alignment of the result. Furthermore, we tested a selection of data inputs underpinning the long term employees' benefits liability valuation, against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof. In addition, we assessed the adequacy of the disclosures on the long term employee benefits liability in the consolidated financial statements.

3. Trade and other receivable impairment Trade receivables are stated initially at fair value and subsequently measured at amortized cost, less provision for impairment. As disclosed in note 3.15.2b and note 3.15.4 to the consolidated financial statements, the Group assesses at each reporting date whether there is objective evidence that financial asset is impaired. In carrying out this assessment, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The determination of the impairment of trade and other receivables requires the assessment of recoverable amounts, which requires judgement in the estimation of future payments. There is significant measurement of uncertainty involved in this assessment, which makes it a key audit matter.	We focused our testing of the impairment of trade and other receivables on the key assumptions made by the management. Our audit procedures included: • Understand, evaluate and validate contracts over sales and trade receivables cycle. • Review, evaluate and validate contracts over credit process including age analysis of debtors. • Critically evaluate the determination of the expected cash flow used. • Discounting the expected cash flow using a weighted average cost of capital to derive the recoverable amount • Comparing the carrying amount with the recoverable amount • Evaluate whether the model used to calculate the recoverable amount complies with the requirements of IAS 39 and it is in agreement with our understanding of the business and the industry in which SCOA operates.
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Other matters

We draw attention to the following other matters:

1. The consolidated financial statements of SCOA Nigeria Plc for the year ended 31 December 2015, was audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2016
2. Note 35 to the consolidated financial statements regarding the restatement of certain balances in prior years.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 and Those Charged with Governance for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards; in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Accountants &
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We communicate with the Audit Committee 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.

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

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

Benson Adejayan

Benson O. Adejayan, FCA
FRC/2013/ICAN/02226
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria



Dated: 30 March 2017

SCOA NIGERIA PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	The Group		The Company	
		2016 N'000	Restated 2015 N'000	2016 N'000	2015 N'000
Continuing operations					
Revenue	8	3,580,316	4,547,587	3,569,645	4,528,303
Cost of sales	9	(2,526,924)	(3,667,818)	(2,525,709)	(3,662,462)
Gross profit		1,053,392	879,769	1,043,936	865,841
Other income	10	226,820	214,709	226,820	211,709
Distribution costs	11	(57,754)	(60,666)	(57,754)	(60,666)
Administrative expenses	12	(1,745,006)	(1,297,519)	(1,871,990)	(1,285,441)
Operating loss		(522,548)	(263,707)	(658,988)	(268,557)
Finance income	13	4,048	17,763	4,048	17,763
Finance costs	14	(1,739,695)	(1,009,582)	(1,739,425)	(1,006,058)
Loss before taxation		(2,258,195)	(1,255,526)	(2,394,365)	(1,256,852)
Income tax write back/(expense)	15.1	626,421	(10,367)	627,624	(9,708)
Loss for the year from continuing operations		(1,631,774)	(1,265,893)	(1,766,741)	(1,266,560)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement gains on defined benefit plans	29.4	3,214	1,527	3,214	1,527
Gain on revaluation of property	27	4,146,484	78,323	4,146,484	-
Other comprehensive income for the year		4,149,698	79,850	4,149,698	1,527
Total comprehensive income/(loss) for the year		2,517,924	(1,186,043)	2,382,957	(1,265,033)
Total loss attributable to:					
Equity holders of the parent		(1,629,847)	(1,266,278)	(1,766,741)	(1,266,560)
Non-controlling interests		(1,927)	385		-
		(1,631,774)	(1,265,893)	(1,766,741)	(1,266,560)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		2,519,851	(1,186,428)	2,382,957	(1,265,033)
Non-controlling interests		(1,927)	385		-
Profit/(loss) for the year		2,517,924	(1,186,043)	2,382,957	(1,265,033)
Loss per share from continuing operations:					
Basic/diluted loss per share (Naira)	16	(2.51)	(1.95)	(2.72)	(1.95)

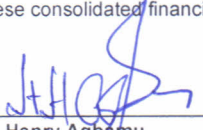
The accompanying explanatory notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

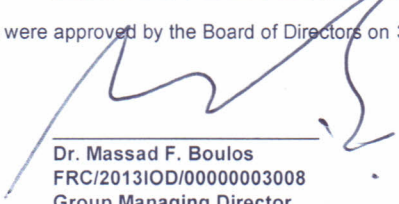
SCOA NIGERIA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

		The Group			The Company		
			Restated	Restated		Restated	Restated
	Notes	2016 N'000	2015 N'000	2014 N'000	2016 N'000	2015 N'000	2014 N'000
Assets							
Non-current assets							
Property, plant and equipment	17	7,452,821	2,999,743	2,571,066	6,025,283	1,573,726	1,147,245
Investment in subsidiary	18	-	-	-	555,292	693,800	493,000
Deferred tax assets	15.4.1	674,181	4,156	-	674,181	4,156	-
Total non-current asstes		8,127,002	3,003,899	2,571,066	7,254,756	2,271,682	1,640,245
Current assets							
Inventories	20	2,404,587	3,516,692	3,811,102	2,297,362	3,409,505	3,698,543
Trade and other receivables	22	2,730,635	3,991,327	3,228,833	2,952,582	4,189,187	3,820,885
Other current assets	23	419,791	246,239	488,053	419,791	246,239	488,052
Cash and cash equivalents	24	455,633	90,608	148,390	454,552	87,079	146,801
Total current assets		6,010,646	7,844,866	7,676,378	6,124,287	7,932,010	8,154,281
Total assets		14,137,648	10,848,765	10,247,444	13,379,043	10,203,692	9,794,526
Equity							
Share capital	25.2	324,750	324,750	324,737	324,750	324,750	324,737
Share premium	26	194,405	194,405	194,418	194,405	194,405	194,418
Revaluation reserves	27	4,224,807	78,323	78,323	4,146,484	-	-
(Sustained loss)/retained earnings	28	(735,976)	890,657	2,204,145	(656,121)	1,107,406	2,421,177
Equity attributable to equity holder of the parent		4,007,986	1,488,135	2,801,623	4,009,518	1,626,561	2,940,332
Non-controlling interest	19.	578,982	580,909	379,724	-	-	-
Total equity		4,586,968	2,069,044	3,181,347	4,009,518	1,626,561	2,940,332
Non-current liabilities							
Non-current borrowings	31.2	2,544,625	272,933	-	2,544,625	272,933	-
Defined benefit plan	29.2	60,790	53,360	62,403	60,790	53,360	62,402
Deferred tax liability	15.4.2	553,828	91,730	91,075	472,705	10,607	9,952
Total non-current liabilities		3,159,243	418,023	153,478	3,078,120	336,900	72,354
Current liabilities							
Advances from customers	21	425,238	135,714	-	425,238	135,714	-
Trade and other payables	30.	1,821,667	2,468,396	3,962,760	1,728,539	2,366,730	3,853,545
Current borrowings	31.1	4,081,363	5,731,068	2,913,652	4,081,363	5,716,968	2,897,130
Current tax payable	15.3	63,169	26,520	36,207	56,265	20,819	31,165
Total current liabilities		6,391,437	8,361,698	6,912,619	6,291,405	8,240,231	6,781,840
Total liabilities		9,550,680	8,779,721	7,066,097	9,369,525	8,577,131	6,854,194
Total equity and liabilities		14,137,648	10,848,765	10,247,444	13,379,043	10,203,692	9,794,526

These consolidated financial statements were approved by the Board of Directors on **30 March 2017** and signed on its behalf by:


Mr. Henry Agbam
FRC/2013/NIM/00000003968
Chairman


Dr. Massad F. Boulos
FRC/2013/IOD/00000003008
Group Managing Director


Mrs. A. Okereke
FRC/2013/ICAN/00000002373
General Manager Finance

The accompanying explanatory notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

SCOA NIGERIA PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

The Group	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Revaluation reserves N'000	Total N'000	Non controlling interest N'000	Total equity N'000
Attributable to equity holders of the Group							
At 1 January 2015	324,737	194,418	2,277,968	-	2,797,123	248,268	3,045,391
Adjustment for restatement	-	-	(73,823)	78,323	4,500	131,456	135,956
Restated balance at 01 January 2015	324,737	194,418	2,204,145	78,323	2,801,623	379,724	3,181,347
Loss for the year	-	-	(1,266,278)	-	(1,266,278)	(180)	(1,266,458)
Other comprehensive income	-	-	1,527	-	1,527	-	1,527
Total comprehensive loss	-	-	(1,264,751)	-	(1,264,751)	(180)	(1,264,931)
Dividends	-	-	(48,737)	-	(48,737)	-	(48,737)
Additional investment in subsidiary	-	-	-	-	-	200,800	200,800
At 31 December 2015	324,737	194,418	890,657	78,323	1,488,135	580,344	2,068,479
Adjustment for issued and fully paid share capital	13	(13)	-	-	-	-	-
Adjustment for restatement	-	-	-	-	-	565	565
Restated balance at 31 December 2015	<u>324,750</u>	<u>194,405</u>	<u>890,657</u>	<u>78,323</u>	<u>1,488,135</u>	<u>580,909</u>	<u>2,069,044</u>
At 1 January 2016	<u>324,750</u>	<u>194,405</u>	<u>890,657</u>	<u>78,323</u>	<u>1,488,135</u>	<u>580,909</u>	<u>2,069,044</u>
Loss for the year	-	-	(1,629,847)	-	(1,629,847)	(1,927)	(1,631,774)
Other comprehensive income	-	-	3,214	4,146,484	4,149,698	-	4,149,698
Total comprehensive loss	-	-	(1,626,633)	4,146,484	2,519,851	(1,927)	2,517,924
At 31 December 2016	<u>324,750</u>	<u>194,405</u>	<u>(735,976)</u>	<u>4,224,807</u>	<u>4,007,986</u>	<u>578,982</u>	<u>4,586,968</u>

The accompanying explanatory notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

SCOA NIGERIA PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

The Company	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Revaluation reserves N'000	Total equity N'000
Attributable to equity holders of the Company					
At 1 January 2015	324,737	194,418	2,421,176	-	2,940,331
Adjustment for restatement	-	-	-	-	-
Restated balance at 01 January 2015	324,737	194,418	2,421,176	-	2,940,331
Loss for the year	-	-	(1,266,560)	-	(1,266,560)
Other comprehensive income	-	-	1,527	-	1,527
Total comprehensive loss	-	-	(1,265,033)	-	(1,265,033)
Dividends	-	-	(48,737)	-	(48,737)
At 31 December 2015	324,737	194,418	1,107,406	-	1,626,561
Adjustment for issued and fully paid share capital	13	(13)	-	-	-
Adjustment for restatement	-	-	-	-	-
Restated balance at 31 December 2015	<u>324,750</u>	<u>194,405</u>	<u>1,107,406</u>	<u>-</u>	<u>1,626,561</u>
At 1 January 2016	<u>324,750</u>	<u>194,405</u>	<u>1,107,406</u>	<u>-</u>	<u>1,626,561</u>
Loss for the year	-	-	(1,766,741)	-	(1,766,741)
Other comprehensive income	-	-	3,214	4,146,484	4,149,698
Total comprehensive loss	-	-	(1,763,527)	4,146,484	2,382,957
Additional investment in subsidiary	-	-	-	-	-
At 31 December 2016	<u>324,750</u>	<u>194,405</u>	<u>(656,121)</u>	<u>4,146,484</u>	<u>4,009,518</u>

The accompanying explanatory notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

SCOA NIGERIA PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	The Group		The Company	
		2016 N'000	2015 N'000	2016 N'000	2015 N'000
Cash flows from operating activities					
Loss for the year		(1,629,847)	(1,266,278)	(1,766,741)	(1,266,560)
Adjustment for:					
Depreciation of property, plant and equipment	17	210,191	177,619	206,800	173,161
Finance costs	14	1,739,695	1,009,582	1,739,425	1,006,058
Impairment on trade and other receivables	22	210,570	75,613	210,570	75,613
Impairment on investment in subsidiaries	18	-	-	138,508	-
Profit on disposal of property, plant and equipment	17	(99,800)	-	(99,800)	-
Remeasurement gains on defined benefit plans	29.4	3,214	1,527	3,214	1,527
Adjustment on stock transfer	17	(21,969)	-	(21,969)	-
Movement in non-controlling interest	19	(1,927)	201,185	-	-
		410,126	199,248	410,007	(10,201)
Changes in:					
Increase in Deferred tax assets		(670,025)	(4,156)	(670,025)	(4,156)
Decrease in inventories		1,112,105	294,410	1,112,143	289,038
Decrease/(increase) in trade and other receivables		1,050,122	(838,107)	1,026,035	(443,915)
(Increase)/decrease in prepayments and other current assets		(173,552)	241,814	(173,552)	241,813
Decrease in trade and other payables		(646,729)	(1,494,365)	(638,190)	(1,486,814)
Increase in advances from customers		289,524	135,714	289,524	135,714
Increase/(decrease) in defined benefit plan		7,430	(9,043)	7,430	(9,042)
(Decrease)/increase in current borrowings	31.1	(1,329,856)	1,676,210	(1,329,857)	1,676,210
Increase in deferred tax on defined benefit plan	15.2	1,377	655	1,377	655
Income tax expense	15.1	43,604	14,523	42,401	13,864
		94,126	216,904	77,293	403,164
Income taxes paid	15.3	(6,955)	(24,210)	(6,955)	(24,210)
Net cash generated from operating activities		87,171	192,694	70,338	378,954
Purchase of property plant and equipment	17.2	(41,856)	(606,295)	(36,945)	(599,643)
Additional investments in subsidiary		-	-	-	(200,800)
Proceeds from sale of property, plant and equipment		107,561	-	107,561	-
Net cash from/(used in) investing activities		65,706	(606,295)	70,616	(800,443)
Dividend paid		-	(48,737)	-	(48,737)
Finance costs	14	(1,739,695)	(1,009,582)	(1,739,425)	(1,006,058)
Increase in Non-current borrowings	31.2	2,271,692	272,933	2,271,693	272,933
Net Cash from/(used in) financing activities		531,998	(785,386)	532,268	(781,862)
Net increase/(decrease)/increase in cash and cash equivalents		684,874	(1,198,988)	673,222	(1,203,351)
Cash and cash equivalents at 1 January		(2,005,474)	(806,486)	(1,994,903)	(791,552)
Cash and cash equivalents at 31 December	24	(1,320,600)	(2,005,474)	(1,321,681)	(1,994,903)

The accompanying explanatory notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. The reporting entity

1.1 Legal form

Scoa Nigeria Plc was established and commenced business as a private company in 1926 and incorporated as a limited liability company in 1969 with a registration number of RC 6293. The company was listed on the Nigerian Stock Exchange in 1977 and has since attained the status of a public limited liability company (Plc) with its shares continue to be traded on the Nigerian Stock Exchange. The company is domiciled in Nigeria. The Company has two subsidiaries namely; SCOA Foods Limited and SCOA Properties Nigeria Limited with shareholding of 45% and 50% respectively. The company is owned by SCOA SA (68.28%) and other Nigerian (31.72%).

1.2 Corporate office

The registered office of the company is at 157, Apapa/Oshodi Expressway, Isolo, Lagos, Nigeria.

1.3 Principal activity

The principal activities of Scoa Nigeria Pic include the distribution, maintenance and leasing of motor vehicles, assembling, sales and servicing of power generators, sales and servicing of earth-moving and construction equipment, road construction, industrial compressors, agricultural tractors, machinery and implements. There was no change in the activities of the Group during 2016.

2. Basis of preparation

2.1 Statement of compliance with IFRSs

The consolidated financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011. These are the Group's financial statements for the year ended 31 December, 2016 prepared in accordance with IFRS 10. Additional information required by national regulations is included where appropriate.

The consolidated financial statements comprise of the consolidated statement of financial position, consolidated statements profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes to the consolidated financial statements.

2.2 Basis of measurement

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention except for financial instruments measured at fair value.

The preparation of consolidated 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 group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate the group's financial statements presents the financial position and results fairly.

2.3 Functional and presentation currency

The consolidated financial statements are presented in naira and all values are rounded to the nearest thousand (N'000), except where otherwise indicated, which is the group's presentational currency. The consolidated financial statements are presented in the currency of the primary economic environment in which the group operates (its functional currency). For the purpose of the consolidated financial statements, the consolidated results and financial position are expressed in naira, which is the functional currency of the group and the presentational currency for the financial statements.

2.4 Current versus non-current classification

The group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

- Expected to be realised within twelve months after the reporting period;
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in the normal operating cycle:

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Going concern status

The consolidated financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity. Management is satisfied that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the consolidated financial statements.

2.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Scoa Nigeria Plc and its two subsidiaries as at 31 December 2016. The account of SCOA Foods Limited which has hitherto been treated as an Associate is now consolidated as a subsidiary because of establishment of control by SCOA Nigeria Plc.

The financial statements of the subsidiaries have been prepared on a historical cost basis. The company accounts for its investment in subsidiaries at cost.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

In the Company the investment in its subsidiaries are accounted for using the cost method.

2.7 Critical accounting estimates and judgement

The group 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 profit or loss and other 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 in the next consolidated financial statements are discussed below:

a. 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 and may vary depending on a number of factors. In re-assessing 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 assets and projected disposal values.

b. Taxes

- i Uncertainties exist with respect to the amount and timing of future taxable income. Given the complexities of existing contractual agreement, differences arising between the actual results and the assumptions made could necessitate future adjustment to tax income and expenses already recorded. The Company establishes provisions based on reasonable estimates.
- ii Deferred taxes are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

c. Provisions/contingencies

Provisions are liabilities of uncertain timing and are recognised when the entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount that has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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d. Impairment of financial assets

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

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

e. Employee benefit obligations

The cost of defined plans and other post-employment retirement benefits and the present value of the obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates etc. As a result of the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions. All assumptions are reviewed by the actuary, in determining the obligation due at each reporting date.

f. Non-current assets held for sale

On retirement of items of property, plant and equipment (usually operational motor vehicles) from operations, they are fair-valued and reclassified to a non-current-assets-held-for-sale account at the lower of their NBVs and fair-value less cost to sell with any differences arising thereon taken to profit or loss. Since there are no active markets dealing in second-hand vehicles, the Group exercises judgment in placing realistic values to the assets classified as held-for-sale by reference to the circumstances of previous disposals taking cognizance of physical conditions, vehicle brands, age, economic realities etc. These valuations are usually carried out by an assets disposal committee comprising the head of materials management, head of administration, head of internal audit, head of finance and the service engineer. The gross value of these assets are usually material and future results could be affected where actual proceeds differ materially from the valuations.

g. Allowances on trade receivables

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

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

2.8 Summary of new and amended standards issued and effective during the years

During the year 2016, there were certain amendments and revisions to some of the standards. The nature and the impact of each new standard and amendments are described below.

a Amendments to "IFRS 5 Non-current Assets Held for Sale and Discontinued Operations"

Effective for annual periods beginning on or after 1 January 2016

The amendment clarifies cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

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b Amendments to "IFRS 7 Financial Instruments: Disclosures"

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of previous amendments to IFRS 7 issued in December 2011 with regards to offsetting financial assets and financial liabilities. Effective for annual periods beginning on or after 1 January 2016.

c Amendments to IFRS 11 "Joint Arrangements" Accounting for Acquisitions of Interests in Joint Operations

Effective for annual periods beginning on or after 1 January 2016

Amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.

d "IFRS 14 Regulatory Deferral Accounts"

Effective for entity's first annual IFRS financial statements for periods beginning on or after 1 January 2016

The Standard permits first-time adopters to continue to recognise amounts related to its rate regulated activities in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard.

e Amendments to "IAS 1 Presentation of Financial Statements"

Effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

The amendments clarify that information should not be obscured by aggregating or by providing immaterial information. It also explains that materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. The amendments also introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

f Amendments to "IAS 16 Property, Plant and Equipment"

Effective for annual periods beginning on or after 1 January 2016.

The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

g Amendments to "IAS 19 Employee Benefits"

Effective for annual periods beginning on or after 1 January 2016

The amendment clarifies the requirements of determining the discount rate in a regional market sharing the same currency (for example, the Eurozone).

h Amendments to "IAS 34 Interim Financial Reporting"

Effective for annual periods beginning on or after 1 January 2016

The Amendment discusses clarification of the meaning of disclosure of information 'elsewhere in the interim financial report.

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i Amendments to "IAS 38 Intangible Assets"

Effective for annual periods beginning on or after 1 January 2016

Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.

j Amendments to "IAS 41 Agriculture: Bearer Plants"

Effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41 which defines bearer plants and includes bearer plants in the scope of IAS 16 Property, plant and Equipment, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16.

k Amendments to "IAS 27 Separate Financial Statements"

Effective for annual periods beginning on or after 1 January 2016.

Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to "IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures"

Effective for annual periods beginning on or after 1 January 2016.

The following issues have arisen in the context of applying the consolidation exception for investment entities:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a noninvestment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

2.9 New standards, amendments and interpretations issued but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: This includes:

2.9.1 Amendments effective from annual periods beginning on or after 1 January 2017

a Amendments to IFRS 12 Disclosure of Interests in Other Entities

This amendment clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

b Amendments to IFRS for SMEs

Three amendments are however of larger impact:

- The standard now allows an option to use the revaluation model for property, plant and equipment as not allowing this option has been identified as the single biggest impediment to adoption of the IFRS for SMEs in some jurisdictions in which SMEs commonly revalue their property, plant and equipment and/or are required by law to revalue property, plant and equipment;
- The main recognition and measurement requirements for deferred income tax have been aligned with current requirements in IAS 12 Income Taxes (in developing the IFRS for SMEs, the IASB had already anticipated finalization of its proposed changes to IAS 12, however, these changes were never
- The main recognition and measurement requirements for exploration and evaluation assets have been aligned with IFRS 6 Exploration for and Evaluation of Mineral Resources to ensure that the IFRS for SMEs provides the same relief as full IFRSs for these activities.

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c Amendments to IAS 7 Statement of Cash Flows

This amendment to IAS7 clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities

d Amendments to IAS 12 Income Taxes

Amends to recog-ni-tion of deferred tax assets for unrealized losses, IAS 12 Income Taxes clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

2.9.2 Amendments effective from annual periods beginning on or after 1 January 2018

a Amendments to IFRS 2 Share-based Payment

Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled

b Amendments to IFRS 4 Insurance Contracts

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so called overlay approach;
- An optional temporary exemption from applying IFRS 9 for entities whose pre-dom-i-nant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

c Amendments to IFRS 15 'Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five step model to be applied to all contracts with customers.

The five steps in the model are as follows:

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

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Amends IFRS 15 Revenue from Contracts with Customers also clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts

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d Amendments to IFRS 9 Financial Instruments

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- Derecognition. The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

e Amendments to IAS 40 Investment Property

Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

f Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Amendments' resulting from Annual Improvements 2014–2016 Cycle, the amendment deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

g Amendments to IAS 28 Investments in Associates and Joint Ventures

This amendment Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment by investment basis, upon initial recognition.

2.9.3 Amendments effective from annual periods beginning on or after 1 January 2019

a IFRS 16 'Leases'

Effective for an annual periods beginning on or after 1 January 2019

- New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows;
- IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that lease;
- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently;

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- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk;
- New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows;
- IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that;
- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently;
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk;
- IFRS 16 supersedes the following Standards and Interpretations:
 - a) IAS 17 Leases;
 - b) IFRIC 4 Determining whether an Arrangement contains a Lease;
 - c) SIC-15 Operating Leases—Incentives; and
 - d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

2.9.4 New standards, amendments and interpretations issued but without an effective date

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective: This includes:

a Amendments to IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognized in profit or loss;
- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss;
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Also a revised version of IFRS 9 incorporating requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

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b Amendments to IFRS 10 and IAS 28 Consolidated Financial Statements and Investments in

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations);
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

3. Summary of significant accounting policies

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

3.1 Investments in subsidiaries

The consolidated financial statements incorporates the financial statements of the company and all its subsidiaries where it is determined that there is a capacity to control.

Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. All the facts of a particular situation are considered when determining whether control exists.

Control is usually present when an entity has:

- power over more than one-half of the voting rights of the other entity;
- power to govern the financial and operating policies of the other entity;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners).

In its separate accounts, the Company accounts for its investment in subsidiaries at cost.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Consistent accounting policies are used throughout the Group for consolidation.

3.2 Investment in an associate

The financial statements of the associate have been prepared on a historical cost basis.

An associate is an entity in which the Group has significant influence. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

In the Company, the investments in its associate are accounted for using the cost method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

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Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The share of profit of an associate is shown on the face of the statement of profit or loss and other comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting year as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

3.3 Fair value measurement

The Group does not measure any asset or liabilities at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

3.4 Foreign currency translation

The consolidated financial statements of Scoa Nigeria Plc and its subsidiaries are presented in Naira, which is also the parent company's functional currency for each entity: the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. For all years to date, the functional and presentation currencies of the company and all subsidiaries have been presented in Naira.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction. 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 profit or loss with the exception of all monetary items that form part of a net investment in a foreign operation. All subsidiaries and associates are domiciled in Nigeria. 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.

3.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

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3.5.1 Sale of goods

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

3.5.2 Interest income

For all financial instruments measured at amortised cost, interest income or expense is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of 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 profit or loss.

3.5.3 Construction Contracts

The Group principally operates fixed price contracts if the outcome of such a contract can be reliably measured; revenue associated with the construction contract is recognised by reference to the stage of completion of the contract activity as at year end (the percentage of completion method).

The outcome of a construction contract can be estimated reliably when: (i) the total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs incurred can be compared with prior estimates when the outcome of a construction cannot be recognised only to the extent of costs incurred that are expected to be recoverable.

In applying the Value of work certified method, The Group recognises revenue based on value of work certified by an independent engineer at a particular period.

Contract revenue: Contract revenue corresponds to value certified by independent surveyor to the extent that it is probable that they will result in revenue and they can be reliably measured.

Contract Costs: Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that can relate directly to a specific contract comprise: cost of material and labour, depreciation of equipment used on the contract: costs of design and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the value of work certified method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contract are treated separately when:

- Tile separate proposals have been submitted for each asset
- Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset.
- The costs and revenues of each asset can be identified.

A group of contracts are treated as a single construction contract when:

- The group of contracts is negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin.
- The contracts are performed concurrently or in a continuous sequence.

3.5.4 Dividends

Revenue is recognized when Group's right to receive the payment is established.

3.6 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

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3.6.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

3.6.2 Deferred taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits 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 realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.6.3 Value added tax

Non-recoverable VAT paid in respect of an item of non capital nature is written off to Statement of Comprehensive Income. Non-recoverable VAT paid in respect of fixed assets is capitalized as part of the cost of the fixed assets. The net amount owing to or due from the tax authority is included in receivables or payables.

3.6.4 Withholding tax

The withholding tax credit is set off against income tax payable. Tax credits, which are considered irrecoverable, are written off as part of the tax charge for the year.

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3.6.5 Capital gains tax

Capital gains tax is included in the tax expense for the period to which it relates.

3.7 Property, plant and equipment

Items of Property and equipment are carried at cost less accumulated depreciation and impairment losses except for land and building which is carried at revalued amount. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property, plant and equipment. Exchanges of assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up.

The straight-line method is adopted to depreciate the cost less any estimated residual value of the assets over their expected useful lives. The Group estimates the useful lives of assets in line with their beneficial years. Where a part of an item of property, plant and equipment has different useful life and is significant to the total cost the cost of that item is allocated on a component basis among the parts and each part is depreciated separately. The useful lives of the group's property, plant and equipment for the purpose of depreciation are as follows:

Class of assets	No of years
Plant and machinery	12
Building	20
Motor vehicles	8
Generator set	8
Office equipment	7
Fixtures and fittings	10

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction assets in progress and freehold land are not depreciated.

Major maintenance and repair (Cost of overhaul): Expenditure on major maintenance or repairs comprises the cost of replacement assets or parts of assets, inspection costs and the costs of overhauling. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Group. The expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programs are capitalized and amortized over the year to the next inspection. Routine maintenance and repairs are charged to expense as incurred. Expenditure on major maintenance or repairs comprises the cost of replacement assets or parts of assets. Where an asset or part of an asset that was separately depreciated and is now written off or is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the replacement expenditure is capitalised. Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other maintenance costs are expensed as incurred.

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3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits and other short term highly liquid investments with an original maturity of three months or less and which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.9 Inventories

Inventories represent all assets held by the Group for sale in the ordinary course of business or in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. The Group's inventories primarily consist of raw materials, finished goods and work-in-progress, spare parts.

- Raw materials: purchase cost on a weighted average basis.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Inventories are stated at the lower of cost and net realisable value. Costs of inventory represent purchase price, freight inwards and transit insurance charges, customs duties, transport and handling costs determined on a Weighted Average basis. Costs include directly attributable costs incurred in bringing inventories to the present location and condition for intended use by management. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity levels. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is determined by reference to prices existing at the reporting date.

3.10 Leases

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

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Group as a lessor

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

3.11 Impairment of non-current assets

The Group assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication of impairment exists, the Group makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level (Cash generating unit) at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. An asset's group recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Impairment losses are recognized in profit or loss.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generating unit to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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Impairment losses recognized in prior years can be reversed up to the original carrying amount, had the impairment loss not been recognized. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.12 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources will be required and when a reliable estimate can be made regarding the amount of the obligation. The amount of the liability corresponds to the best possible estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized within finance costs.

Where applicable, provisions are split between amounts expected to be settled within 12 months of the reporting date (current) and amounts expected to be settled later (non-current).

3.12.1 Contingent liabilities

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Where the Group makes contributions into a separately administered fund for restoration, environmental or other obligations, which it does not control, and the Group's right to the assets in the fund is restricted, the obligation to contribute to the fund is recognized as a liability where it is probable that such additional contributions will be made. The Group recognizes a reimbursement asset separately, being the lower of the amount of the associated restoration, environmental or other provision and the Group's share of the fair value of the net assets of the fund available to contributors.

3.13 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalized as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of amounts is also capitalized and deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the year.

All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

3.14 Employee benefits

The Group operates two broad employee benefit schemes including contribution plan and defined benefit plan.

3.14.1 Defined contribution plan: Pension

The Group operates a defined contribution pension plan under which the Group pays fixed contributions into a separate entity for the benefit of qualifying employees. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. Under this scheme, both the employer and qualifying employees contribute 10% and 8% respectively based on each of the employees' eligible allowances in compliance with the provision of the Pension Reform Act, funded through payroll deductions, while the Company's contribution is recognised as part of staff cost in the profit or loss.

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3.14.2 Defined benefit plan

The Group also operates a post-employment benefit plan under which Group's net obligation under the scheme is calculated separately by estimating the amount of future benefit that employees have earned in return for their services in the current and prior years: that benefit is discounted to determine its present value. The discount rate is the market yield at the reporting date on a credit-rated bonds that have maturity dates approximating the terms of the group's obligation and that are denominated in the currency in which the benefit are expected to be paid. The calculation is performed annually by a qualified actuary using the projected credit unit method.

The re-measurement comprising of actuarial gains or losses are recognised immediately recognizes in the statement of financial position with corresponding debits or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurement are not reclassified to profit or loss in subsequent periods.

Past service cost are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. The group recognises the following changes in defined benefit obligation under administrative expenses in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past service costs, gains or losses on curtailments and non-routine settlements;
- Net interest expense or income. The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fairvalue of the plan asset and any change in the present value of defined benefit obligation.

3.14.3 Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed without realistic possible withdrawal, to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies is recognized as expenses if the Group has made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.14.4 Short term employee benefits:

These are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.15 Financial Assets

3.15.1 Initial recognition

The Group's financial assets include cash and short-term deposits, trade and other receivables, and employee loans and receivable and are recognised when the Group becomes party to the contract. Financial assets are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition of the asset.

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3.15.2 Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

3.15.2.1 Financial assets measured at amortized cost

a. Loans and receivables

Loans and receivables including employee loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. Gains and losses are recognised in the statement of profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. Included in this classification are personal loans given to employees.

b. Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The Group deploys age analysis tools to track the payment pattern of customers. The amount of the provision for impairment of trade receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss within 'other operating expenses'. The carrying amount of the asset is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'other operating expenses' in profit or loss. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in profit or loss.

3.15.3 Financial assets - De-recognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- a) the Group has transferred substantially all the risks and rewards of the asset, or
- b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

3.15.4 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

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Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.15.4.1 Impairment of financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss.

3.16 Financial liabilities

3.16.1 Initial recognition

The Group recognises financial liabilities when it becomes party to the contract. The group's financial liabilities include trade payables and interest bearing loans and borrowings. All financial liabilities are recognized initially at fair value plus directly attributable transaction costs.

3.16.2 Subsequent measurement

The subsequent measurement of financial liability depends on their classification as follows:

- Financial liabilities measured at amortised cost
- Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statement of profit or loss and other comprehensive income.

3.16.2.1 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method when the time value of money is material, in which case the amortised cost equals the nominal value.

3.16.3 Financial liabilities - De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

3.16.4 Offsetting financial instruments

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

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3.17 Dividend

3.17.1 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividend are declared.

3.17.2 Unclaimed dividend

Unclaimed dividends are amounts payable to shareholders in respect of dividend previously declared by the Group, which have remained unclaimed by the shareholders. In compliance with Section 385 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.

3.18 Earnings per share

The Group 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 Group 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 shareholders adjusted for the bonus shares issued.

3.19 Share capital

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

3.20 Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

3.21 Key management personnel

For the purpose of related party disclosures, key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of Group. For Scoa Nigeria Plc key management personnel are considered to be designations from senior divisional head levels at the Group.

4. Financial risk management

The group's operations expose it to a number of financial risks. Adequate risk management procedures have been established to protect the group against the potential adverse effects of these financial risks. There has been no significant change in these financial risks since the prior year.

The group has established a risk management function with clear terms of reference from the board of Directors, its committees and the executive management committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

The group's principal significant risks are assessed and mitigated under three broad headings:

Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arise from a company's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making, resource allocation and its inability to adapt to changes in its business environment.

Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

Financial risks – Risk associated with the financial operation of the group, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

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The management approves the group's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting to the corporate goals, and specify reporting requirements to meet.

4.1 Strategic risks

The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the company.

- i. To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.
- ii. To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- iii. To retain financial flexibility by maintaining strong liquidity.
- iv. To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.
- v. To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

Approach to capital management

The group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis.

The group's primary source of capital in 2016 is funding from the banks and foreign lenders.

There has been no significant changes to its capital structure during the past year from previous years.

4.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors such as provider tariffs, medical costs, premium review for adequacy, prompt premium payments and collections. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.

4.3 Financial risks

The group has exposure to the following risks from financial instruments:

- Credit risks
- Market risks
- Liquidity risks

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4.3.1 Credit risk:

Credit risk is risk of financial loss to the group if a customer or counter party to a financial instrument fails to meet its contractual obligations. It arises from group's receivables from customers.

Credit risks are managed within a frame work of credit policies, guidelines and processes as stated below:

(i) Exposure Exposure to risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Financial assets				
Investment in subsidiaries	-	-	555,292	693,800
Trade and other receivables	2,730,635	3,991,327	2,952,582	4,189,187
Cash and cash equivalents	455,633	90,608	454,552	87,079
	<u>3,186,268</u>	<u>4,081,935</u>	<u>3,962,426</u>	<u>4,970,066</u>

The receivables' age analysis is also evaluated on a regular basis for potential doubtful receivables, where this is considered necessary. The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

An analysis of trade receivables:

	Total N'000	Past due but not impaired				
		0-30 days N'000	31-60 days N'000	61-90days N'000	91-365 days N'000	> 365 days N'000
Group						
2016						
Trade receivables	<u>3,133,066</u>	<u>570,865</u>	<u>3,679</u>	<u>3,127</u>	<u>115,930</u>	<u>2,439,465</u>
2015						
Trade receivables	<u>4,162,388</u>	<u>2,259,031</u>	<u>815,439</u>	<u>205,939</u>	<u>163</u>	<u>881,816</u>
Company						
2016						
Trade receivables	<u>3,044,545</u>	<u>570,865</u>	<u>3,679</u>	<u>3,127</u>	<u>115,930</u>	<u>2,350,945</u>
2015						
Trade receivables	<u>4,073,263</u>	<u>1,319,040</u>	<u>815,439</u>	<u>205,939</u>	<u>163</u>	<u>1,732,682</u>

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 31 December 2016, the Group had 35 customers (2015 : 38 customers) that owed the Group more than N1,000,000 each and accounted for approximately 85% (2015 : 98%) of all receivables owing. The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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4.3.2 Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The group is susceptible to the following market risks as a result of its transactions: interest rate risk; foreign currency risk; and equity price risk. The impact of these risks on the consolidated financial statements of the Group as a whole are explained below:

a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. Our interest rate liability risk arises primarily from borrowings issued at floating interest rates which exposes the group to cash flow interest rate risk. It is the group's policy to settle trade payables within in the credit terms allowed and the group does therefore not incur interest on overdue balances. Borrowings are sourced from both local and foreign financial markets, covering short and long-term funding.

The Group manages interest rate risk on borrowings by ensuring access to diverse sources of funding, reducing risks of refinancing by establishing and managing in accordance with target maturity profiles.

b) Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The group is exposed to foreign currency risk as a result of, foreign borrowings, usually denominated in dollar.

The group foreign currency risk exposure from recognised assets and liabilities arises primarily from short term borrowings denominated in foreign currency. The borrowings are usually import finance facilities which have a tenor of about three months, the impact of fluctuations in these commitments on the consolidated financial statement as a whole are considered minimal and reasonable as a result of the stable market and the short term of these facilities. This is because the group in the year under review, established facilities with the option of denominating these facilities in either Nigerian Naira or US Dollar, and considering the current economic conditions with regards to foreign exchange movements has opted to transact in these facilities in Nigerian Naira.

c) Equity price risk

In the year under review, the group had nil investments in financial assets which are measured using equity prices, thus it was not exposed to equity price risk. This impact of this risk on the consolidated financial statements either on the income statement or other comprehensive income is therefore considered nil for both the current year and the comparative year.

4.3.3 Liquidity risk

The group maintains sufficient amount of cash for its operations. Management review cashflow forecasts on a regular basis to determine whether the group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The group also makes use of overdraft banking facilities, N1.8 billion (2015 : N2.1 billion) which is used as an additional means of easing liquidity risk when considered necessary.

Worthy of note is that in the year under review, the group's trade payables of N805.9 million (2015 : N1.9 billion) decreased by 58%. This was as a result of the group's ability to pay its suppliers, and reduced purchases in the year.

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Contractual maturity analysis for financial liabilities:

The following are the contractual maturities of financial liabilities presented in Nigeria Naira:

	Due within one year N'000	Due after one year N'000	Total N'000
Group			
2016			
Financial liabilities			
Trade and other payables	1,821,667	-	1,821,667
Short term borrowings	4,081,363	-	4,081,363
Long term borrowings	-	2,544,625	2,544,625
	<u>5,903,030</u>	<u>2,544,625</u>	<u>8,447,655</u>
2015			
Trade and other payables	2,468,396	-	2,468,396
Short term borrowings	5,731,068	-	5,731,068
Long term borrowings	-	5,731,068	5,731,068
	<u>8,199,464</u>	<u>5,731,068</u>	<u>13,930,532</u>
Company			
2016			
Financial liabilities			
Trade and other payables	1,728,539	-	1,728,539
Short term borrowings	4,081,363	-	4,081,363
Long term borrowings	-	2,544,625	2,544,625
	<u>5,809,902</u>	<u>2,544,625</u>	<u>8,354,527</u>
2015			
Trade and other payables	2,366,730	-	2,366,730
Short term borrowings	5,716,968	-	5,716,968
Long term borrowings	-	272,933	272,933
	<u>8,083,698</u>	<u>272,933</u>	<u>8,356,631</u>

The group's focus on the maturity analysis of its financial liabilities is as highlighted above; the group classifies their financial liabilities into due within one year and those due after one year.

The contractual cash flows disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated financial statements which is based on the discounted cash flows.

The financial liabilities of the group affected are the long term borrowings (Including current portion), all other financial liabilities included in the consolidated financial statements are assumed to approximate their carrying amounts due to their short term nature and are therefore, not discounted.

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4.4 Financial instruments and fair values

As explained in Note 4.4, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. These categories are: fair value through profit or loss; loans and receivables; Held-to-maturity; available for sale assets; and, for liabilities, amortized cost.

The fair value of financial assets together with the carrying amounts shown in the statement of financial position are as follows:

	Financial assets					Financial liabilities		
	Fair value through profit or loss N'000	Loans and receivables N'000	Held to Maturity N'000	Available for sale N'000	Amortized cost N'000	Fair value N'000	Total carrying amount N'000	Fair value N'000
Group								
At 31 December 2016								
Assets								
Trade and other receivables	-	2,730,635	-	-	-	-	2,730,635	2,730,635
Cash and cash equivalents	455,633	-	-	-	-	-	455,633	455,633
	455,633	2,730,635	-	-	-	-	3,186,268	3,186,268
Liabilities								
Trade and other payables	-	-	-	-	-	1,821,667	1,821,667	1,821,667
Long term borrowings	-	-	-	-	-	2,544,625	2,544,625	2,544,625
Advance from customers	-	-	-	-	-	425,238	425,238	425,238
Other short term borrowings	-	-	-	-	-	4,081,363	4,081,363	4,081,363
	-	-	-	-	-	8,872,893	8,872,893	8,872,893
At 31 December 2015								
Assets								
Trade and other receivables	-	3,991,327	-	-	-	-	3,991,327	3,991,327
Cash and cash equivalents	90,608	-	-	-	-	-	90,608	90,608
	90,608	3,991,327	-	-	-	-	4,081,935	4,081,935
Liabilities								
Trade and other payables	-	-	-	-	-	2,468,396	2,468,396	2,468,396
Long term borrowings	-	-	-	-	-	272,933	272,933	272,933
Advance from customers	-	-	-	-	-	135,714	135,714	135,714
Other short term borrowings	-	-	-	-	-	5,731,068	5,731,068	5,731,068
	-	-	-	-	-	8,608,111	8,608,111	8,608,111

The group had no financial instruments classified as 'Held to maturity', and 'Available for sale assets' for the years ended 31 December 2016 and 2015 respectively.

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	Financial assets					Financial liabilities		
	Fair value through profit or loss N'000	Loans and receivables N'000	Held to Maturity N'000	Available for sale N'000	Amortized cost N'000	Fair value N'000	Total carrying amount N'000	Fair value N'000
Company								
At 31 December 2016								
Assets								
Investment in subsidiaries	-	-	-	555,292	-	-	555,292	555,292
Trade and other receivables	-	2,952,582	-	-	-	-	2,952,582	2,952,582
Cash and cash equivalents	454,552	-	-	-	-	-	454,552	454,552
	454,552	2,952,582	-	555,292	-	-	3,962,425	3,962,426
Liabilities								
Trade and other payables	-	-	-	-	-	-	1,728,539	1,728,539
Long term borrowings	-	-	-	-	-	-	2,544,625	2,544,625
Advance from customers	-	-	-	-	-	-	425,238	425,238
Interest bearing loans and borrowing	-	-	-	-	-	-	4,081,363	4,081,363
	-	-	-	-	-	-	8,779,765	8,779,765
At 31 December 2015								
Assets								
Investment in subsidiaries	-	-	-	693,800	-	-	693,800	693,800
Trade and other receivables	-	4,189,187	-	-	-	-	4,189,187	4,189,187
Cash and cash equivalents	87,079	-	-	-	-	-	87,079	87,079
	87,079	4,189,187	-	693,800	-	-	4,970,066	4,970,066
Liabilities								
Trade and other payables	-	-	-	-	-	-	2,366,730	2,366,730
Long term borrowings	-	-	-	-	-	-	272,933	272,933
Advance from customers	-	-	-	-	-	-	135,714	135,714
Interest bearing loans and borrowing	-	-	-	-	-	-	5,716,968	5,716,968
	-	-	-	-	-	-	8,492,343	8,492,343

The company had no financial instruments classified as 'Held to maturity', and 'Available for sale assets' for the years ended 31 December 2016 and 2015 respectively.

4.5 Fair valuation methods and assumptions

Cash and cash equivalents, trade receivables, trade payables and short term borrowings are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains in a separate component of equity at the end of the reporting year.

The fair values of long-term borrowings were determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using a rate which takes into account the Group's spread for credit risk at year end.

4.6 Fair value measurements recognised in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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Level 2: for equity securities not listed on an active market and for which observable market data exist that the Group can use in order to estimate the fair value;

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. Capital management

In the management of its capital, the group has certain objectives which it intends to achieve, these include:

- the safeguarding of the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and the provision of an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt ÷ equity:

Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (ie ordinary shares, share premium, retained earnings, and other reserves).

During 2016, the group's strategy, which was unchanged from 2015, was to maintain the debt-to-capital ratio at the lower end of the range 4:1 to 3:1, in order not to deviate too far from the industry average of 3:1 attributable to manufacturing companies with a considerable reliance on debt financing.

The debt-to-equity ratios at 31 December 2016 and at 31 December 2015 were as follows:

	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Total liabilities	9,550,680	8,779,721	9,369,525	8,577,131
Cash and cash equivalents	(455,633)	(90,608)	(454,552)	(87,079)
Net debt	9,095,047	8,689,113	8,914,973	8,490,052
Total equity	4,586,968	2,069,044	4,009,518	1,626,561
Debt-to-equity ratio	1.98	4.20	2.22	5.22

The decrease in the debt-to-equity ratio in 2016 resulted primarily from both the increase of net debt and increase in total equity. The increase in net debt was driven by the increase in trade payables of the parent company and total bank overdraft facilities outstanding as at the year end. Increase in trade payables as at year end was not caused by the inability of the company to pay up its debt as at when due but by the difficulty encountered by the company in obtaining foreign currency to settle its foreign suppliers. Whilst, banker's acceptance decreased, bank overdrafts increased due to the purchasing power of the Nigerian Naira in relation to other currencies in which the entity conducts its business, such as the US Dollar which is the major currency used to obtain the group's purchases. Thus the units of purchases N1 could obtain in the previous year had decreased significantly in the current year which is attributable to the current economic conditions, such as rising inflation rates, rising interest rates, scarcity of foreign currencies, dwindling oil prices, etc.

Finally, total equity reduced compared to the previous year as a function of the decrease in retained earnings. This was majorly caused by back duty assessment raised by the tax authorities for prior periods but was recognised in the income statement of the current period as well as normal business operations in the year.

6. Segment information

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- Auto segment, which assemble tractors, MAN Truck and Buses, sales of harvesters. motor vehicles, leasing and services of passengers cars, trucks and other commercial vehicles.

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- Equipment segment, which deal in sales/distribution of earth-moving, road construction, concrete, industrial and professional cleaning equipment and assembling of generators, fabrication of soundproof canopies, execution of power plants and power projects including transmission and distribution.
- Trading, which involves importation and sales of delicatessen and fine foods and drinks.
- Construction, execution of road and infrastructure projects.

No operating segments have been aggregated to form the above reportable operating segments. The group's Managing Director monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue. The Managing Director monitors the operating results of the whole business for the purpose of making decisions about resource allocation and performance assessment.

The group's activities are concentrated in one geographic region. The Group's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Group's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Auto N'000	Equipment Premium N'000	Trading (groceries) N'000	Construction N'000	Total N'000
7. Segment information - The Group					
Year ended 31 December 2016					
Revenue					
External customers	1,180,193	1,577,570	430,754	391,799	3,580,316
Inter-segment	-	-	-	-	-
Total revenue	1,180,193	1,577,570	430,754	391,799	3,580,316
External customers	(800,806)	(988,286)	(346,033)	(391,799)	(2,526,924)
Inter-segment	-	-	-	-	-
Total cost of sales	(800,806)	(988,286)	(346,033)	(391,799)	(2,526,924)
Gross profit	379,387	589,284	84,721	-	1,053,392
Depreciation	(18,681)	(101,395)	(53,094)	(37,021)	(210,191)
Finance income	1,320	1,585	470	674	4,049
Finance expenses	(567,172)	(681,142)	(201,882)	(289,500)	(1,739,696)
Segment loss	(205,146)	(191,668)	(169,785)	(325,847)	(892,446)
Total assets					
Non-current asset					
Property, plant and equipment (excluding Land and CWIP)	691,271	1,802,709	452,973	703,694	3,650,647
Current assets	1,852,437	2,224,673	659,365	1,274,170	6,010,645
	2,543,708	4,027,382	1,112,338	1,977,864	9,661,292
Total liabilities					
Non-current liabilities	1,029,970	1,236,936	366,612	525,725	3,159,243
Advances from customers	-	-	-	425,238	425,238
Current liabilities	1,945,088	2,335,941	692,343	992,826	5,966,198
	2,975,058	3,572,877	1,058,955	1,943,789	9,550,679

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	Auto N'000	Equipment Premium N'000	Trading (groceries) N'000	Construction N'000	Total N'000
Year ended 31 December 2015					
Revenue					
External customers	2,109,297	2,274,882	163,408	-	4,547,587
Inter-segment	-	-	-	-	-
Total revenue	<u>2,109,297</u>	<u>2,274,882</u>	<u>163,408</u>	<u>-</u>	<u>4,547,587</u>
External customers	(1,439,110)	(2,042,529)	(186,179)	-	(3,667,818)
Inter-segment	-	-	-	-	-
Total cost of sales	<u>(1,439,110)</u>	<u>(2,042,529)</u>	<u>(186,179)</u>	<u>-</u>	<u>(3,667,818)</u>
Gross profit/(loss)	<u>670,187</u>	<u>232,353</u>	<u>(22,771)</u>	<u>-</u>	<u>879,769</u>
Depreciation	(14,771)	(80,133)	(52,088)	(30,625)	(177,617)
Finance income	8,239	8,886	638	-	17,763
Finance expenses	<u>(468,272)</u>	<u>(505,033)</u>	<u>(36,277)</u>	<u>-</u>	<u>(1,009,582)</u>
Segment profit/(loss)	<u>195,383</u>	<u>(343,927)</u>	<u>(110,498)</u>	<u>(30,625)</u>	<u>(289,667)</u>
Total assets					
Non-current asset					
Property, plant and equipment (excluding Land and CWIP)	165,613	1,216,171	277,691	412,396	2,071,871
Current assets	<u>3,416,137</u>	<u>3,684,312</u>	<u>264,649</u>	<u>479,768</u>	<u>7,844,866</u>
	<u>3,581,750</u>	<u>4,900,483</u>	<u>542,340</u>	<u>892,164</u>	<u>9,916,737</u>
Total liabilities					
Non-current liabilities	193,891	209,112	15,021	-	418,024
Advances from customers	-	-	-	425,238	425,238
Current liabilities	<u>3,681,151</u>	<u>3,970,130</u>	<u>285,180</u>	<u>-</u>	<u>7,936,461</u>
	<u>3,875,042</u>	<u>4,179,242</u>	<u>300,201</u>	<u>425,238</u>	<u>8,779,723</u>

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Group	
	2016	2015
	N'000	N'000
7. Segment information (cont'd)		
Reconciliation of profit		
Segment profit	1,053,392	879,769
Selling and distribution	(57,754)	(60,666)
Administrative expenses	(1,745,006)	(1,297,519)
Other operating income	226,820	214,709
Finance income	4,048	17,763
Finance expenses	(1,739,695)	(1,009,582)
Loss before tax	(2,258,195)	(1,255,526)
Reconciliation of assets		
Segment operating assets	9,661,292	9,916,737
Land	3,791,490	917,190
Capital Work-in-progress	10,682	10,682
Deferred tax assets	674,181	4,156
Total assets	14,137,645	10,848,765
Reconciliation of liabilities		
Segment operating liabilities	9,550,679	8,779,723
Equity	4,586,968	2,069,044
Total liabilities	14,137,647	10,848,767

Adjustments and eliminations

Other administrative expenses are not allocated to individual segments as the underlying instruments are managed on a group basis.

Deferred tax assets, land, capital work-in-progress and equity are not allocated to those segments as they are also managed on a group basis.

Inter-segment revenues are eliminated on consolidation.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
8 Revenue				
Sales of goods (Note 8.1)	3,188,517	4,547,587	3,177,846	4,528,303
Construction income (Note 8.2)	391,799	-	391,799	-
	3,580,316	4,547,587	3,569,645	4,528,303
8.1 Sales of goods				
Autos	1,180,193	2,109,297	1,180,193	2,109,297
Equipment	1,577,570	2,274,882	1,577,570	2,274,882
Trading (groceries)	430,754	163,408	420,083	144,124
	3,188,517	4,547,587	3,177,846	4,528,303
Construction income	391,799	-	391,799	-
	3,580,316	4,547,587	3,569,645	4,528,303
8.2 Construction income				
Construction revenue recognised	391,799	-	391,799	-
Contract cost				
Aggregate cost of contract recognised in profit or loss	391,799	-	391,799	-
Losses recognised	-	-	-	-
	391,799	-	391,799	-
Aggregate amount of profit recognised till date	-	-	-	-
Amount of advance received	425,238	135,714	425,238	135,714

Sales and expenses on construction contracts are recognised in accordance with the technical percentage of completion method. However, when there is no significant time difference between technical percentage of completion and contractual dates of transfer of ownership, the percentage of completion is determined according to the contractual transfer of ownership as certified by the Customer and invoiced to the customer. Expected losses on contracts are fully recognised as soon as they are identified.

Estimates of work remaining on loss making contracts do not include sales from claims made by the Group except when it is highly probable that such claims will be accepted by the customer.

Progress payments received on construction contracts are deducted from contract assets as the contract is completed. Progress payments received before the corresponding work has been performed are classified in "Advances received from customers on contracts" in statement of financial position liabilities.

The cumulative amount of costs incurred and profit recognised, reduced by recognised losses and progress billings, is determined on a contract-by-contract basis. If this amount is positive it is categorised as "Construction contracts: assets" in statement of financial position assets. If it is negative it is recognised as "Construction contracts: liabilities" statement of financial position liabilities.

At the early stage of a contract, it is often the case that the outcome of the contract cannot be estimated reliably. Therefore, contract revenue is recognised only to the extent of contract cost incurred that is probable of recovery.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
9. Cost of sales				
Auto	800,806	1,439,110	800,806	1,439,110
Equipment	988,286	2,042,529	988,286	2,042,529
Trading	346,033	186,179	344,818	180,823
Construction contract	391,799	-	391,799	-
	<u>2,526,924</u>	<u>3,667,818</u>	<u>2,525,709</u>	<u>3,662,462</u>
9.1 Analysis of cost of sales				
Cost of spares and workshop consumptions	2,341,102	3,355,614	2,339,887	3,353,837
Employees benefit (Notes 12.3)	44,838	123,032	44,838	123,032
Depreciation of property, plant and equipment	92,326	50,625	92,326	50,625
Other overheads	48,658	138,547	48,658	134,968
	<u>2,526,924</u>	<u>3,667,818</u>	<u>2,525,709</u>	<u>3,662,462</u>
10. Other income				
Rental Income	26,239	32,527	26,239	29,527
Sales Commission (Note 10.1)	16,133	10,928	16,133	10,928
Profit on disposal of property, plant and equipment	99,800	-	99,800	-
Insurance claim	35,655	1,255	35,655	1,255
Scrap sales	7,423	4,164	7,423	4,164
Provision no longer required (Note 10.2)	41,570	165,835	41,570	165,835
	<u>226,820</u>	<u>214,709</u>	<u>226,820</u>	<u>211,709</u>
10.1 Sales commission				
Sales commission represents amount received from MAN TRUCK and BUS on the Trucks sold directly in Nigeria territory based on signed agreement. The applicable tax rate is 8% on sales invoice.				
10.2	This amount represent over-provision of interest accrued previously.			
11. Selling and distribution expenses				
Transportation	<u>57,754</u>	<u>60,666</u>	<u>57,754</u>	<u>60,666</u>

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
12. Administrative expenses				
Annual General Meeting expenses	11,998	8,705	11,998	8,705
Audit fees	8,220	14,650	7,800	14,000
Consultancy	32,226	27,497	32,226	27,497
Consumables	15,326	15,092	15,236	15,092
Donations	1,150	402	1,150	402
Deprecation	117,865	96,895	114,474	92,438
Director fees	1,380	1,350	1,380	1,350
Entertainment	14,453	52,111	14,453	52,111
Electricity	23,469	17,350	21,695	15,787
Fuel consumed	39,741	37,143	39,741	37,018
Food and accommodation	680	13,417	674	12,563
Foreign exchange loss	543,236	1,796	543,236	1,796
Insurance	11,085	29,527	11,085	29,527
Licenses	1,264	2,957	1,264	2,957
Legal fees	30,327	23,107	30,327	23,107
Meetings and seminars	21	2,183	21	2,183
Other professional fees	15,854	16,792	15,254	16,792
Postages and stationeries	14,752	13,271	14,752	13,271
Publicity and advertisement	8,039	8,272	8,039	8,272
Impairment of trade receivables	228,266	69,313	228,266	69,313
Impairment of inventory	4,522	-	4,522	-
Impairment of intercompany receivables	-	6,300	-	6,300
Repairs and maintenance	56,065	58,405	56,052	58,217
Rent and rates	112,999	164,922	112,999	164,898
Registrar fees	2,743	1,597	2,743	1,597
Subscriptions	16,963	26,106	16,881	25,968
Salaries and employee related costs (Note 12.3)	390,567	548,885	385,873	544,920
Security and cleaning	26,351	23,190	26,351	23,160
Telephone expenses	4,761	8,908	4,707	8,825
Tender fees	8,582	7,376	8,582	7,375
Diminution of investment	-	-	138,508	-
Other expenses	2,101	-	1,701	-
	1,745,006	1,297,519	1,871,990	1,285,441

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
12.1 Salaries and employee related costs include the following:				
Basic salary	90,191	158,146	85,842	154,536
Leave allowance	5,667	7,392	5,667	7,392
House allowance	24,757	32,592	24,757	32,592
Transport allowance	19,387	25,549	19,387	25,549
Lunch allowance	9,023	7,392	9,023	12,074
Staff entertainment and meal allowance	14,344	16,912	14,344	16,912
Maintenance allowance	1,888	3,358	1,888	3,358
Efficiency allowance	117,303	133,686	117,303	133,686
Interim allowance	2,421	3,598	2,421	3,598
Bonus	1,019	3,909	1,019	3,909
Welfare allowance	4,648	10,192	4,648	10,192
Economic relief and utility	2,304	4,093	2,304	4,093
ITF managerial staff	2,265	5,142	2,265	5,142
Educational expenses	36,569	28,056	36,569	28,056
Out of station expense	1,006	12,946	1,006	12,946
Employee defined benefit costs	14,814	12,003	14,814	12,003
Medical	10,791	13,648	10,446	13,569
Staff uniform and clothes	526	1,547	526	1,271
Pension costs-defined contribution	9,510	16,068	9,510	16,068
Other staff expenses	22,134	52,656	22,134	47,974
	390,567	548,885	385,873	544,920
12.2 Salaries and wages				
Short-term employee benefits	375,753	659,559	371,059	655,949
Retirement benefit	14,814	12,003	14,814	12,003
	390,567	671,562	385,873	667,952
12.3 Summary of salaries and wages				
Cost of production	44,838	123,032	44,838	123,032
Administrative expenses	390,567	548,885	385,873	544,920
	435,405	671,917	430,711	667,952
13. Finance income				
Interest income	4,048	17,763	4,048	17,763
14. Finance costs				
Interest on bank overdrafts and loans	1,739,695	1,009,582	1,739,425	1,006,058

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

		The Group		The Company	
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
15. Taxation account					
15.1 Income tax expense					
The major components of income tax expense for the years ended 31 December 2016 and 2015 are:					
Income tax		22,574	14,400	21,371	13,864
Capital gain tax		9,980	-	9,980	-
Education tax		-	123	-	-
Underprovision in the prior year-income tax		11,050	-	11,050	-
		43,604	14,523	42,401	13,864
Deferred tax written back		(670,025)	(4,156)	(670,025)	(4,156)
		(626,421)	10,367	(627,624)	9,708
15.2 Deferred tax charged to OCI					
Deferred tax related to items recognised in OCI during the year:					
Deferred tax on revaluation surplus		460,721	-	460,721	-
Deferred tax on re-measurement gain on actuarial gains and losses		1,377	655	1,377	655
15.3 Current tax payable					
At 1 January:					
Income tax		26,520	36,207	20,819	31,165
Charge for the year:					
Income tax		33,624	14,400	32,421	13,864
Education tax		-	123	-	-
Capital gain tax		9,980	-	9,980	-
Payments during the year		(6,955)	(24,210)	(6,955)	(24,210)
At 31 December		63,169	26,520	56,265	20,819
The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 and the Education Tax Act, CAP E4, LFN 2004 as amended.					
15.4 Deferred taxation					
15.4.1 Deferred tax assets					
At 1 January		4,156	-	4,156	-
Charged through profit or loss (Note 15.1)		670,025	4,156	670,025	4,156
At 31 December		674,181	4,156	674,181	4,156

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	The Group		The Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
15.4.2 Deferred tax liabilities				
At 1 January	91,730	91,075	10,607	9,952
Charged through other comprehensive income	1,377	655	1,377	655
Deferred tax on revaluation surplus	460,721	-	460,721	-
At 31 December	553,828	91,730	472,705	10,607
The group has adopted the International Accounting Standard (IAS 12)-Income Tax on deferred taxation, which is computed using the liability method in compliance with the standard.				
15.5 Income tax reconciliation				
Loss before taxation	(2,258,195)	(1,255,526)	(2,394,365)	(1,256,852)
Tax at Nigerian statutory income tax rate of 30% (2015 : 30%)	(677,459)	(376,658)	(718,310)	(377,056)
Non deductible expenses for tax purposes	413,006	95,515	456,263	95,377
Effect of unrecognised losses	847,269	277,523	847,269	277,523
Capital gain tax @10%	9,980	-	9,980	-
Education tax @ 2% of assessable profit	-	123	-	-
Minimum Tax	33,624	13,864	32,421	13,864
Recognised in profit or loss (Note 15.1)	626,421	10,367	627,624	9,708
At the effective tax rate	(4)	(121)	(4)	(129)
15.6 Reconciliation of deferred tax liabilities/ assets net				
At 1 January	87,574	91,075	6,451	9,952
Tax expense during the year recognised in profit or loss (Note 15.1)	(670,025)	(4,156)	(670,025)	(4,156)
Tax income during the year recognised in OCI (Note 15.2)	462,098	655	462,098	655
At 31 December	(120,353)	87,574	(201,476)	6,451
16. Basic and diluted loss per share				
Basic/diluted loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Group by the number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic earnings per share computation:				
Loss attributable to equity holders (Naira)	(1,631,774)	(1,265,893)	(1,766,741)	(1,266,560)
Number of shares outstanding	649,500	649,500	649,500	649,500
Basic/diluted loss per share (Naira)	(2.51)	(1.95)	(2.72)	(1.95)

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

17. Property, plant and equipment

17.1 The Group

	Freehold land N'000	Freehold building N'000	Leasehold building N'000	Motor vehicle N'000	Furniture and fittings N'000	Generator N'000	Equipment N'000	Construction Equipment N'000	Plant and machinery N'000	Work-in -progress N'000	Total N'000
Cost											
At 1 January 2015	917,190	78,653	68,419	449,978	22,114	56,065	331,829	345,839	845,194	10,682	3,125,963
Addition	-	254	121,427	125,587	18,230	12,976	96,962	153,084	77,776	-	606,295
At 31 December 2015	917,190	78,907	189,846	575,565	40,344	69,041	428,791	498,923	922,970	10,682	3,732,258
Addition	-	205	10,447	3,979	2,271	2,110	14,342	3,796	4,706	-	41,856
Revaluation	2,874,300	1,732,905	-	-	-	-	-	-	-	-	4,607,205
Elimination on revaluation	-	(25,876)	-	-	-	-	-	-	-	-	(25,876)
Disposal	-	-	-	-	-	-	(12,537)	-	-	-	(12,537)
Transfer	-	-	-	5,517	-	-	16,452	-	-	-	21,969
At 31 December 2016	<u>3,791,490</u>	<u>1,786,141</u>	<u>200,293</u>	<u>585,061</u>	<u>42,615</u>	<u>71,151</u>	<u>447,048</u>	<u>502,719</u>	<u>927,676</u>	<u>10,682</u>	<u>8,364,875</u>
Depreciation											
At 1 January 2015	-	39,724	14,880	253,481	11,688	16,641	105,113	55,902	57,469	-	554,898
Charged for the year	-	2,217	5,329	51,817	3,382	7,889	50,864	30,625	25,494	-	177,618
At 31 December 2015	-	41,941	20,209	305,298	15,070	24,530	155,978	86,527	82,963	-	732,516
Disposal	-	-	-	-	-	-	(4,776)	-	-	-	(4,776)
Elimination on revaluation	-	(25,876)	-	-	-	-	-	-	-	-	(25,876)
Charged for the Year	-	11,301	9,764	50,650	3,465	8,348	59,448	33,516	33,699	-	210,191
At 31 December 2016	<u>-</u>	<u>27,366</u>	<u>29,973</u>	<u>355,948</u>	<u>18,535</u>	<u>32,878</u>	<u>210,649</u>	<u>120,043</u>	<u>116,662</u>	<u>-</u>	<u>912,054</u>
Net book value											
At 31 December 2016	<u>3,791,490</u>	<u>1,758,775</u>	<u>170,320</u>	<u>229,113</u>	<u>24,080</u>	<u>38,273</u>	<u>236,398</u>	<u>382,676</u>	<u>811,014</u>	<u>10,682</u>	<u>7,452,821</u>
At 31 December 2015	<u>917,190</u>	<u>36,966</u>	<u>169,637</u>	<u>270,267</u>	<u>25,274</u>	<u>44,511</u>	<u>272,813</u>	<u>412,396</u>	<u>840,007</u>	<u>10,682</u>	<u>2,999,743</u>

The Company's freehold property at Plot 10, Creek road Apapa Lagos State was revalued on 25 November 2016 by Tony Egboko & Associates (Estate Surveyors & Valuers), using the depreciation replacement cost method of valuation. The surplus arising on revaluation amounting to N1.150 billion has been transferred to revaluation reserve. "Open market value" means the best price at which an interest in an asset might reasonably be expected to fetch at the date of valuation, either by private treaty, public auction, or tender as may be appropriate, assuming amongst others a willing seller; a reasonable period within which to carry out the transaction.

The Company's freehold property at Plot 13, Old GRA Layout Port-Harcourt Rivers State was revalued on 12 December 2016 by Akujuru & Associates (Estate Surveyors & Valuers), using the depreciation replacement cost method of valuation. The surplus arising on revaluation amounting to N1.380 billion has been transferred to revaluation reserve. "Open market value" means the best price at which an interest in an asset might reasonably be expected to fetch at the date of valuation, either by private treaty, public auction, or tender as may be appropriate, assuming amongst others a willing seller; a reasonable period within which to carry out the transaction.

The Company's freehold property at Plot 1 Ali Akilu road Kaduna, Kaduna State was revalued on 14 November 2016 by Jaiyeola Adeyanju Group Practices (Estate Surveyors & Valuers), using the depreciation replacement cost method of valuation. The surplus arising on revaluation amounting to N962.4 million has been transferred to revaluation reserve. "Open market value" means the best price at which an interest in an asset might reasonably be expected to fetch at the date of valuation, either by private treaty, public auction, or tender as may be appropriate, assuming amongst others a willing seller; a reasonable period within which to carry out the transaction.

The Company's freehold property at 50/51 Tafawa Balewa Road, Nasarawa District, Kano, Kano State was revalued on 11 November 2016 by Jaiyeola Adeyanju Group Practices (Estate Surveyors & Valuers), using the depreciation replacement cost method of valuation. The surplus arising on revaluation amounting to N1.115 billion has been transferred to revaluation reserve. "Open market value" means the best price at which an interest in an asset might reasonably be expected to fetch at the date of valuation, either by private treaty, public auction, or tender as may be appropriate, assuming amongst others a willing seller; a reasonable period within which to carry out the transaction.

Capital work in progress represent uncompleted building in Scoa Foods Limited.

Depreciation charged is included in the administrative expenses and cost of sales in the consolidated statement of profit or loss and other comprehensive income. There is no impairment charge during the year.

The group's property, plant and equipment have been used as a collateral for borrowings procured on a fixed and floating charge basis.

Transfer represents Motor vehicles and Equipment which were moved from the warehouse for official use of the group.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

17.2 The Company

	Freehold land N'000	Freehold building N'000	Leasehold building N'000	Motor vehicle N'000	Furniture and fittings N'000	Generator N'000	Equipment N'000	Construction Equipment N'000	Plant and machinery N'000	Total N'000
Cost										
At 1 January 2015	18,740	34,567	68,419	421,703	9,365	56,065	328,486	345,839	334,633	1,617,817
Addition	-	-	121,427	125,587	18,230	12,976	96,962	153,084	71,377	599,643
At 31 December 2015	18,740	34,567	189,846	547,290	27,595	69,041	425,448	498,923	406,010	2,217,460
Addition	-	-	10,447	3,979	2,271	2,110	14,342	3,796	-	36,945
Revaluation surplus	2,874,300	1,732,905	-	-	-	-	-	-	-	4,607,205
Eliminated on revaluation	-	(25,876)	-	-	-	-	-	-	-	(25,876)
Disposal	-	-	-	-	-	-	(12,537)	-	-	(12,537)
Transfer	-	-	-	5,517	-	-	16,452	-	-	21,969
At 31 December 2016	2,893,040	1,741,596	200,293	556,786	29,866	71,151	443,705	502,719	406,010	6,845,165
Depreciation										
At 1 January 2015	-	25,876	14,880	226,212	1,631	16,641	103,046	55,902	26,385	470,573
Charged for the year	-	-	5,329	51,817	1,742	7,889	50,265	30,625	25,494	173,161
At 31 December 2015	-	25,876	20,209	278,029	3,373	24,530	153,311	86,527	51,879	643,734
Eliminated on revaluation	-	(25,876)	-	-	-	-	-	-	-	(25,876)
Disposal	-	-	-	-	-	-	(4,776)	-	-	(4,776)
Charged for the Year	-	9,074	9,764	50,650	2,939	8,348	58,810	33,516	33,699	206,800
At 31 December 2016	-	9,074	29,973	328,679	6,312	32,878	207,345	120,043	85,578	819,882
Net book value										
At 31 December 2016	2,893,040	1,732,522	170,320	228,107	23,554	38,273	236,360	382,676	320,432	6,025,283
At 31 December 2015	18,740	8,691	169,637	269,261	24,222	44,511	272,137	412,396	354,131	1,573,726

The Company's freehold property at plot 10, Creek road Apapa Lagos State was revalued on 25 November 2016 by Tony Egboko & Associates (Estate Surveyors & Valuers), using the depreciation replacement cost method of valuation. The surplus arising on revaluation amounting to N1.150 billion has been transferred to revaluation reserve. "Open market value" means the best price at which an interest in an asset might reasonably be expected to fetch at the date of valuation, either by private treaty, public auction, or tender as may be appropriate, assuming amongst others a willing seller; a reasonable period within which to carry out the transaction.

The Company's freehold property at plot 13, Old GRA Layout Port-Harcourt Rivers State was revalued on 12 December 2016 by Akujuru & Associates (Estate surveyors & Valuers), using the depreciation replacement cost method of valuation. The surplus arising on revaluation amounting to N1.380 billion has been transferred to revaluation reserve. "Open market value" means the best price at which an interest in an asset might reasonably be expected to fetch at the date of valuation, either by private treaty, public auction, or tender as may be appropriate, assuming amongst others a willing seller; a reasonable period within which to carry out the transaction.

The Company's freehold property at plot 1 Ali Akilu road Kaduna, Kaduna State was revalued on 14 November 2016 by Jaiyeola Adeyanju Group Practices (Estate surveyors & Valuers), using the depreciation replacement cost method of valuation. The surplus arising on revaluation amounting to N962.4 million has been transferred to revaluation reserve. "Open market value" means the best price at which an interest in an asset might reasonably be expected to fetch at the date of valuation, either by private treaty, public auction, or tender as may be appropriate, assuming amongst others a willing seller; a reasonable period within which to carry out the transaction.

The Company's freehold property at 50/51 Tafawa Balewa Road, Nasarawa District, Kano, Kano State was revalued on 11 November 2016 by Jaiyeola Adeyanju Group Practices (Estate surveyors & Valuers), using the depreciation replacement cost method of valuation. The surplus arising on revaluation amounting to N1.115 billion has been transferred to revaluation reserve. "Open market value" means the best price at which an interest in an asset might reasonably be expected to fetch at the date of valuation, either by private treaty, public auction, or tender as may be appropriate, assuming amongst others a willing seller; a reasonable period within which to carry out the transaction.

The company's property, plant and equipment have been used as a collateral for borrowings procured on a fixed and floating charge basis. Depreciation charged is included in the administrative expenses and cost of sales in the statement of profit or loss and other comprehensive income. There is no impairment charge during the year.

The company's property, plant and equipment have been used as a collateral for borrowings procured on a fixed and floating charge basis.

Transfer represents Motor vehicles and Equipment which were moved from the warehouse for official use of the company.

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	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
18 Investments in subsidiaries				
SCOA Properties (Nigeria) Limited	-	-	450,800	450,800
SCOA Foods Limited	-	-	243,000	243,000
	-	-	693,800	693,800
Impairment of investment in subsidiary	-	-	(138,508)	-
At 31 December	-	-	555,292	693,800

18.1 Information about subsidiary

Business information

SCOA Properties (Nigeria) Limited was incorporated on 14 May 2007 but yet to commence operations as at the end of this year. The Company is owned by International Investment Company Limited and SCOA Nigeria Plc with 50% each of the shareholdings. The principal activity of the company is investment holding in Estate Management.

SCOA Foods Limited was incorporated on 31 May, 2006 and commenced operations as at the end of same year. The Company is owned by SCOA Nigeria Plc and International Investment Company Limited with 45% and 55% shareholdings respectively. The principal activities of the company include the manufacture, packaging, distribution, marketing and sales of fruit drinks, food products and beverages of alcoholic and non-alcoholic varieties and allied products.

There are no significant restrictions on any of the subsidiaries. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. SCOA foods limited, which was hitherto recognised as an Associate company was consolidated as a Subsidiary during the year because of establishment of control by SCOA Nigeria Plc. Total shareholding of 45% of SCOA Nigeria Plc was arrived at through direct holding. The subsidiary company, country of incorporation, nature of business, percentage of equity holding and period consolidated with the parent company is as detailed below:

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18.2 Subsidiary undertakings

All shares in subsidiary undertakings are ordinary shares.

Subsidiary	Principal activity	Country of Incorporation	Percentage held	Statutory year end
SCOA Properties (Nigeria) Limited	Investment holding in Estate Management	Nigeria	50%	31 December
SCOA Foods Limited	Manufacture, packaging, distribution, marketing and sales of fruit drinks, food products and beverages of alcoholic and non-alcoholic varieties and allied products.	Nigeria	45%	31 December

The summary of the operational results of the subsidiary companies are as follow:

	SCOA Properties (Nig) Limited N'000	SCOA Foods Limited N'000
31 December 2016		
Revenue	-	10,671
Loss after tax	(400)	(3,140)
Total assets	899,143	730,682
Total liabilities	1,767	493,783
Equity	<u>897,376</u>	<u>236,899</u>
31 December 2015		
Revenue	-	19,284
(Loss)/profit after tax	(360)	1,028
Total assets	899,468	731,883
Total liabilities	1,692	491,844
Equity	<u>897,776</u>	<u>240,039</u>

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
19. Non-controlling interest				
At 1 January	580,909	379,724	-	-
Share of (loss)/profit for the year	(1,927)	385	-	-
Share of additional investment (Note 19.1)	-	200,800	-	-
At 31 December	<u>578,982</u>	<u>580,909</u>	<u>-</u>	<u>-</u>

Amount represents share of International Investment Company (IIC) Limited of N410.6 million in SCOA

19.1 Properties (Nigeria) Limited.

SCOA NIGERIA PLC

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	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
20. Inventories				
Raw materials and consumables	118,070	118,589	11,912	12,469
Finished goods	<u>2,286,517</u>	<u>3,398,103</u>	<u>2,285,450</u>	<u>3,397,036</u>
	<u>2,404,587</u>	<u>3,516,692</u>	<u>2,297,362</u>	<u>3,409,505</u>

Inventory to the value of N2.331 billion (2015: N3.432 billion) are carried at net realisable value. The amount charged to statement of profit or loss and other comprehensive income in respect of write down of inventory to net realisable value in the year was N4.5 million (2015: N1 million).

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
21. Advances received				
Kogi	<u>425,238</u>	<u>135,714</u>	<u>425,238</u>	<u>135,714</u>

The amount relates to advances received from Federal Government of Nigeria in respect of Rehabilitation of Okene - Itobe road in Kogi state.

22. Trade and other receivables				
Trade receivables	3,133,066	4,162,388	3,044,545	4,073,263
Allowance for Impairments. (Note 22.1)	<u>(492,829)</u>	<u>(282,259)</u>	<u>(492,829)</u>	<u>(282,259)</u>
	<u>2,640,237</u>	<u>3,880,129</u>	<u>2,551,716</u>	<u>3,791,004</u>
Receivable from related parties (Note 22.2)	23,357	47,413	339,286	339,890
Other receivables	<u>67,041</u>	<u>63,785</u>	<u>61,580</u>	<u>58,293</u>
	<u>2,730,635</u>	<u>3,991,327</u>	<u>2,952,582</u>	<u>4,189,187</u>

Other receivable represents collection from staff and other deposit made.

Trade receivables are non-interest bearing and are generally on terms of 30-90 days. The following shows the analysis of impairment provision recognised on individual and collective basis:

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
22.1 Allowance for Impairments				
At 1 January	282,259	378,782	282,259	378,782
Charge for the year	210,570	69,313	210,570	69,313
Recovery	-	(26,716)	-	(26,716)
Discount rate adjustment	-	(139,120)	-	(139,120)
At 31 December	<u>492,829</u>	<u>282,259</u>	<u>492,829</u>	<u>282,259</u>

Trade receivables meet the definition of financial asset and the carrying amount of the trade receivables approximates their fair value. Trade receivables are expected to be fully collected within two years.

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As at 31 December, the ageing analysis of trade receivables is as follows:

	Past due but not impaired					
	Total N'000	0-30 days N'000	31-60 days N'000	61-90days N'000	91-365 days N'000	> 365 days N'000
2016	3,133,066	570,865	3,679	3,127	115,930	2,439,465
2015	4,162,388	2,259,031	815,439	205,939	163	881,816

See Note 4.3.1 on credit risk of trade receivables, which discusses how the entity manages and measures credit quality of trade receivables that are neither past due nor impaired.

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
22.2 Related Companies				
SCOA Foods Limited (Subsidiary)	-	-	315,052	291,816
SCOA Property Limited (Subsidiary)	-	-	877	662
SCOA Petroleum Services (Sister Company)	18,656	18,463	18,656	18,462
Vernal Investment (Sister Company)	3,205	3,205	3,205	3,205
SCOA International, S. A. (Holding Company)	4,701	28,950	4,701	28,950
Data Processing Maintenance and Services Limited (Sister Company)	14,014	14,014	14,014	14,014
	40,576	64,632	356,505	357,109
Impairment allowance	(17,219)	(17,219)	(17,219)	(17,219)
Due from related Companies	23,357	47,413	339,286	339,890
For disclosures on related parties refer to note 32.				
22.2.1 Impairment allowance				
At 1 January	17,219	10,919	17,219	10,919
Charge for the year	-	6,300	-	6,300
At 31 December	17,219	17,219	17,219	17,219
22.2.2 Breakdown of impairment allowance				
Vernal Investment Limited (Sister Company)	3,205	3,205	3,205	3,205
Data Processing Maintenance and Services Limited (Sister Company)	14,014	14,014	14,014	14,014
	17,219	17,219	17,219	17,219

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	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
23. Other current assets				
Rent	82,081	92,318	82,081	92,318
Tax recoverable - withheld at source (Note 23.1)	152,503	150,648	152,503	150,648
Accrued income	35,655	-	35,655	-
Prepaid expenses	1,974	2,903	1,974	2,903
Debit balance in trade payables	147,208	-	147,208	-
Deposit on Cobranet	20	20	20	20
Deposit to DHL	350	350	350	350
	419,791	246,239	419,791	246,239

23.1 Tax recoverable - Withheld at Source

This represents withholding tax deducted at source on certain transactions, remitted to relevant tax authorities on behalf of the Company and for which receipts are receivable. This will be used to offset tax liability as advance payment of corporation tax.

24. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short term deposits.

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Cash in hand	3,502	715	3,502	715
Cash at Bank	446,263	74,353	445,182	71,842
Short-term deposit	5,868	15,540	5,868	14,522
Cash and short term deposit	455,633	90,608	454,552	87,079

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and bank balances as defined above, net of outstanding bank overdrafts as at 31 December:

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Cash and short term deposit	455,633	90,608	454,552	87,079
Bank overdraft (Note 28.2)	(1,776,233)	(2,096,082)	(1,776,233)	(2,081,982)
	(1,320,600)	(2,005,474)	(1,321,681)	(1,994,903)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the entity, and earn interest at the respective short-term deposit rates. Short term investments are treasury bills of 90 days maturity purchased by the Company.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
25. Share capital and reserves				
25.1 Authorised shares:				
2,000,000,000 ordinary shares of 50 kobo each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
25.2 Allotted, called up and fully paid:				
At 1 January	324,737	324,737	324,737	324,737
Transferred from share premium (Note 26.1)	<u>13</u>	<u>13</u>	<u>13</u>	<u>13</u>
At 31 December: 649,500,000 ordinary share of 50k each	<u>324,750</u>	<u>324,750</u>	<u>324,750</u>	<u>324,750</u>
26. Share premium				
At 1 January	194,418	194,418	194,418	194,418
Transferred to share capital (Note 26.1)	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>
At 31st December	<u>194,405</u>	<u>194,405</u>	<u>194,405</u>	<u>194,405</u>
Transferred from/(to) represent difference in issued and fully paid up share capital confirmed by the registrar, adjusted from share premium.				
27. Revaluation reserve				
At 1 January	78,323	78,323	-	-
Revaluation surplus in the year (Note 17)	4,607,205	-	4,607,205	-
Deferred tax on revaluation surplus (Note 16.4)	<u>(460,721)</u>	<u>-</u>	<u>(460,721)</u>	<u>-</u>
At 31 December	<u>4,224,807</u>	<u>78,323</u>	<u>4,146,484</u>	<u>-</u>
27.1 These relates to surplus arising on revaluation of the group properties (land and building).				
28. (Sustained loss)/retained earnings				
At 1 January	890,657	2,204,145	1,107,406	2,421,176
Transferred from statement of profit or loss and other comprehensive income	<u>(1,626,633)</u>	<u>(1,264,751)</u>	<u>(1,763,527)</u>	<u>(1,265,033)</u>
Dividend declared and paid during the year	<u>-</u>	<u>(48,737)</u>	<u>-</u>	<u>(48,737)</u>
At 31 December	<u>(735,976)</u>	<u>890,657</u>	<u>(656,121)</u>	<u>1,107,406</u>

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29. Employee benefit liability

The group's gratuity scheme is a defined benefit plan. The group makes provisions for gratuity for employees that have spent between 5 years and below continuing service in the group. The actuarial valuation method used to value the liabilities is the Projected Unit Method prescribed by IAS19. The liabilities have been calculated from first principles using the data as at 31 December 2016 and the assumptions set out in this report.

The following table summarises the components of net benefit expense recognised in the statement of profit or loss and the unfunded status and amounts recognised in the statement of financial position for the respective plans:

	The Group		The Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
29.1 Net benefit expense (recognised in the statement of profit or loss)				
Present value of defined benefit obligations	60,790	53,360	60,790	53,360
29.2 Movement in defined benefit plan				
At 1 January	53,360	62,403	53,360	62,403
Current Service cost	3,900	4,528	3,900	4,528
Interest cost	9,037	7,475	9,037	7,475
Actuarial gains	(4,591)	(2,182)	(4,591)	(2,182)
Past service cost	639	-	639	-
Benefits paid	(1,555)	(18,864)	(1,555)	(18,864)
At 31 December	60,790	53,360	60,790	53,360
			2016	2015
			N'000	N'000
29.3 The amount recognised in the profit or loss:				
Current service costs			3,900	4,528
Interest costs			9,037	7,475
Recognised past service cost			639	-
Total included in staff costs			13,576	12,003
29.4 The amount recognised in other comprehensive income:				
Re-measurements gain recognised in other comprehensive income			4,591	2,182
Tax on gain			(1,377)	(655)
Net balance			3,214	1,527
The principal actuarial assumptions used were:				
Discount rate			17%	16%
Inflation rate			5%	5%
Future salary increases			3%	3%

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29.5 Sensitivity analysis

31 December 2016	Discount rate		Future salary increase		Mortality rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Sensitivity Level						
Impact on defined benefit obligation	(58,184)	(63,630)	(63,977)	(57,843)	(60,998)	(60,600)
31 December 2015	1%	1%	1%	1%	1%	1%
Sensitivity Level	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	(50,779)	(56,185)	(56,514)	(50,445)	(53,553)	(53,184)

The sensitivity analysed above have determined on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumption occurring at the end of the reporting period. As reported based on actuarial valuation by Alexander Forbes for the year ended 31 December 2016.

The actuarial valuation report was signed in December 2016 by Yeside Oredugba Gbenro (FRC/2012/0000000000504) a fellow of Faculty and Institute of Actuaries.

29.6 The valuation assumptions used in determining Gratuity benefit obligations for the Company's plans are shown below:

	2016 %	2015 %
Discount rate (p.a)	16.60	16
Average pay increase (p.a)	3	3
Rate of inflation	5	5
Withdrawal from Service (age band)		
18-29	1	1
30-44	5.5	5.5
45 - 49	3	3
50 - 59	2	2
60	100	100

The normal retirement age is 60 year or 35 years in active services. Employees' benefits shall be paid on retirement upon attaining 60 years of age, early retirement, resignation; death and redundancy of employees. The discount rate is determined on the Company's reporting date by reference to market yields on high quality government bonds.

The discount rate should reflect the duration of the liabilities of the benefit programme. The rates of mortality assumed for members in the scheme are the rates published in the National Population Commission Bulletin. We have rated this down by one year to moderately reflect mortality in Nigeria. The company makes provisions for gratuity for employees that have spent between 5 years and below continuing service in the Company. The company is expected to set cash aside to fund the outstanding defined benefit obligation.

The provision is computed based on the annual gross emoluments (basic, housing, transport and leave allowance) by applying a specific rate which is a function of the length of service with the Company except for redundancy. The rate applies to all categories of employees as follows:

Rate	Length of service
1.00	5- 9 years
1.25	10- 14 years
1.75	15 - Above years

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The provision for employee benefit on redundancy is computed based on the annual basic salary as follows:

Senior Staff	-	6 weeks basic salary for each completed year of service
Junior Staff:		
0 - 5 years	-	6 weeks basic salary for each completed year of service
6 - Above years	-	7 weeks basic salary for each completed year of service

	2016	2015
Salary weighted average age	44.3 years	42.8 years
Salary weighted past service	9.8 years	7.9 years

29.7 Tax Effect:

Re-measurement recognised in other comprehensive income: N4,591,000 (2015 : N2,182,000). Deferred tax computed at 30% : N1,377,000 (2015 : N655,000).

	The Group		The Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
30. Trade and other payables				
Trade creditors	805,927	1,907,091	788,498	1,888,981
Other payables (Note 30.1)	834,954	362,026	812,789	332,004
Dividend payable (Note 30.2)	35,830	24,303	35,830	24,303
Value Added Tax (Note 30.3)	79,454	117,581	79,454	117,581
Due to related parties (Note 30.4)	53,534	53,534	-	-
Penison Contribution (Note 30.5)	11,968	3,861	11,968	3,861
	1,821,667	2,468,396	1,728,539	2,366,730
30.1 Other payables				
Customer deposit	64,868	123,147	64,868	120,586
Staff deductions	34,218	42,858	14,882	16,447
Withholding tax payable	46,883	48,469	46,883	48,469
Accrued interest	23,221	19,025	23,221	19,025
Registrar expenses	19,485	10,226	19,485	10,224
Directors fee	1,350	1,320	1,350	1,320
Audit fee	7,800	14,000	7,800	14,000
Trade debtors with credit balances	436,976	-	436,976	-
Accrued expenses (Note 30.6)	200,153	102,981	197,324	101,933
	834,954	362,026	812,789	332,004
30.2 Dividends payable				
At 1 January	24,303	42,003	24,303	42,003
Approved and transferred from retained earnings	11,527	48,737	11,527	48,737
Payment during the year	-	(66,437)	-	(66,437)
At 31 December	35,830	24,303	35,830	24,303
30.3 Value added tax				
Value Added Tax Output	98,538	176,365	98,538	176,365
Value Added Tax Input	(19,084)	(58,784)	(19,084)	(58,784)
	79,454	117,581	79,454	117,581
30.4 Due to related parties				

This represents amount due from Scoa foods limited to other related parties apart from Scoa Nigeria Plc and Scoa Properties limited

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	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
30.5 Pension contribution				
At 1 January	3,861	2,266	3,861	2,266
Additions in the year	17,063	20,379	17,063	20,379
Remittances in the year	(8,956)	(18,784)	(8,956)	(18,784)
At 31 December	<u>11,968</u>	<u>3,861</u>	<u>11,968</u>	<u>3,861</u>

In accordance with revised Pension Reform Act, 2014, the employees of the company are members of a state arranged pension scheme which is managed by several private sector service providers. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the defined contribution plan is to make the specified contributions. The total expenses recognised in profit or loss represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

30.6 Accrued expenses

These represent rents received in advance, provision for insurance and other expenses incurred but settlement is yet to be made.

	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
31. Borrowings				
Current borrowings	4,081,363	5,731,068	4,081,363	5,716,968
Non-current borrowings	<u>2,544,625</u>	<u>272,933</u>	<u>2,544,625</u>	<u>272,933</u>
	<u>6,625,988</u>	<u>6,004,001</u>	<u>6,625,988</u>	<u>5,989,901</u>

31.1 Current borrowings

Related Companies:

International Investment Company Ltd (Sister Company)	298,692	288,578	298,692	288,578
Investra Limited (Sister Company)	83,160	76,374	83,160	76,374

Commercial loans:

All states Trust Bank Plc (Ecobank Nigeria Plc)	15,756	15,756	15,756	15,756
Bankers Acceptance	-	418,525	-	418,525
Keystone	104,441	55,832	104,441	55,832
Eco Bank Loan	421,825	746,746	421,825	746,746
Access Bank Loan Account	336,546	-	336,546	-

Import facilities:

Skye Bank	-	181,120	-	181,120
FCMB Time loan	163,982	240,625	163,982	240,625
Main Street Loan Account	130,410	164,209	130,410	164,209
Union Bank Loan Account	186,382	454,300	186,382	454,300
Enterprise Bank Loan	563,936	430,006	563,936	430,006
First Bank of Nigeria Loan	-	562,915	-	562,915
Bank overdraft (Note 31.3)	<u>1,776,233</u>	<u>2,096,082</u>	<u>1,776,233</u>	<u>2,081,982</u>
	<u>4,081,363</u>	<u>5,731,068</u>	<u>4,081,363</u>	<u>5,716,968</u>

Commercial loans represents different short term loans and LCs restructured to a formal loan for the group to be repaid over a number of years. These loans were splitted into current and non-current portion.

Import finance facilities are those facilities which the group defaulted in paying and the banks converted to short term loans.

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	The Group		The Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
31.2 Non-current borrowings				
FCMB Time loan	-	139,379	-	139,379
Union Bank Loan Account	-	133,554	-	133,554
EcoBank Long Term Loan Account	1,876,962	-	1,876,962	-
Access Long Term Loan Account	659,456	-	659,456	-
Keystone Long Term Loan Account	8,207	-	8,207	-
	<u>2,544,625</u>	<u>272,933</u>	<u>2,544,625</u>	<u>272,933</u>

The group's current commercial loan facilities are revolving having a structure of 3 to 12 months term with a fixed rate of principal and interest repayment ranging from 18% to 24% respectively. These loans have no moratorium and secured along with the overdraft facility by way of negative pledge over the assets of the Group. This indicates the Group is prohibited to take a lien over the assets of the Group. The related party loans are unsecured.

i) Access Bank

Access Bank granted the Company a loan of N1 billion. This loan has an interest rate of 20% per annum and its repayable over 36 months. The loan is secured by Negative pledge on the Company's assets.

ii) Keystone Bank

Keystone Bank granted the Company a loan of N126.7m. This loan has an interest rate of 20% per annum and its repayable over 18 months. The loan is secured by Negative pledge on the Company's assets.

iii) First City Monument Bank

An amount of N164 million represent balance of loan granted by First City Monument Bank Plc. This loan has an interest rate of 22% per annum and its repayable over 25 months. The loan is secured by Negative pledge on the Company's assets.

iv) Mainstreet Bank

An amount of N221 million represent balance of loan long overdue granted by Mainstreet Bank. This loan has an interest rate of 20% per annum and its repayable over 3 months. The loan is secured by Negative pledge on the Company's assets.

v) Union Bank

An amount of N186.3 million represent balance of loan granted by Union Bank Plc. This loan has an interest rate of 23% per annum and its repayable over 24 months. The loan is secured by Negative pledge on the Company's assets.

vi) Eco Bank

Eco Bank granted the Company a loan of N2.3 billion. This loan has an interest rate of 21% per annum and its repayable over 48 months. The loan is secured by Negative pledge on the Company's assets.

vii) Enterprise Bank

An amount of N563.9 million represent balance of loan overdue granted by Heritage (Enterprise) Bank. This loan has an interest rate of 25% per annum and its repayable over 3 months. The loan is secured by Negative pledge on the Company's assets.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Principal terms and the debt repayment schedule of the group's loans and borrowings are as follows as:

	Currency	Interest rate %	Maturity
Access Bank	Naira	20	2019
Keystone Bank	Naira	20	2018
First City Monument Bank	Naira	22	2017
Main Street Bank	Naira	22	2015
Union Bank	Naira	23	2017
Eco Bank	Naira	21	2020
Enterprise Bank	Naira	25	2016

The Group		The Company	
2016	2015	2016	2015
N'000	N'000	N'000	N'000
31.3 Bank overdraft			
<u>1,776,233</u>	<u>2,096,082</u>	<u>1,776,233</u>	<u>2,081,982</u>

The bank overdrafts represent overdrawn balance on current account from Nigerian Banks with an average interest rate of 17.5%. The bank overdrafts are secured by way of negative pledge over the assets of the Company.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

32. Related Parties

The financial statements include the proportion of equity of major shareholders as follows:

	No. of shares	% of capital
SCOA International, S. A.	443,491,944	68.28
Various individual shareholders	206,008,056	31.72
	649,500,000	100.00

The company entered into the following transactions with the under listed related parties during the year:

	Nature of transaction	Transaction value 2016 N'000	Balance receivable/ (payable) 2016 N'000	Balance receivable/ (payable) 2015 N'000
Related Companies:				
International Investment Company (Sister Company)	Payment of rent and interest	10,114	(298,692)	(288,578)
Investra Limited (Sister Company)	Payment of interest	6,786	(83,160)	(76,374)
Vernal Investment (Sister Company)	Administrative expenses	-	3,205	3,205
SCOA Petroleum Limited (Sister Company)	Purchase of goods	194	18,656	18,462
Data Processing Maintenance and Services Limited (Sister Company)	Rent receivable	-	14,014	14,014
Holding Company:				
SCOA International S.A.	Dividend payable	11,527	35,830	24,308
Subsidiaries:				
SCOA Properties Limited	Administration expenses	215	877	662
SCOA Foods Limited	Purchases- goods & services, Administration expenses.	23,236	315,052	291,816

The ultimate parent of the Company is SCOA International S. A. and is based in Paris.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, Provision was not made (2015 : N6.2 million) out of the amount receivable from Vernal International Limited Nil (2015 : N3.2 million) and Data Processing Maintenance and Services Limited Nil (2015 : N3 million).

	2016 N'000	2015 N'000
Compensation to key management staff		
Short-term employee benefits	33,987	34,471
Post-employment benefits	-	9,613
Other long term benefits	-	-
Termination benefits	-	-
	33,987	44,084

Long term compensation to key management

The company has no long term compensation for his key management personnel.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

33. Information relating to Employees

The average number of persons employed by the Group during the financial year was as follows:

	The Company	
	2016 Number	2015 Number
CEO's office and corporate affairs	6	6
Engineering /operation	87	90
Sales and marketing	27	23
Customer experience	4	4
Information systems	1	1
Human resources	3	4
Finance	13	13
	141	141

Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

	2016 Number	2015 Number
Below 1,700,000	52	105
1,800,000 - 2,299,999	70	23
2,300,000 - 2,799,999	10	1
2,800,000 - 3,299,999	3	1
3,300,000 - 3,799,999	4	7
3,800,000 - 4,299,999	0	0
4,300,000 - 4,799,999	0	0
4,800,000 - 5,299,999	2	4
	141	141

34. Information relating to Directors

34.1 Directors' mix

Executive Directors	2	2
Non-executive Directors	8	8
	10	10

34.2 Director's emolument

The aggregate emolument of the Directors was:

	N'000	N'000
Fees	1,350	1,350
Salaries	12,178	12,178
Sitting allowance	350	350
Other fees and allowances	6,178	6,178
Chairman emoluments (excluding pension contribution)	9,000	9,000
	29,056	29,056
Highest Paid Director	10,941	10,941

35. Restatement

The consolidated statement of financial position and statement of profit or loss and other comprehensive income have been restated. The restatement was as a result of treating SCOA Foods as a subsidiary which in prior years had been treated as an associate. These adjustment necessitated retrospective restatement of the previous statement of financial position and statement of profit or loss and other comprehensive income effective from financial year 31 December 2014 to reflect the true position.

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

35.1 Impact of restatement on consolidated statement of financial position-2014 Group

	Previously reported N'000	Restatement adjustment N'000	Restated N'000
Non-current assets			
Property, plant and equipment	2,045,695	525,371	2,571,066
Investment in associate	103,055	(103,055)	-
	<u>2,148,750</u>	<u>422,316</u>	<u>2,571,066</u>
Current assets			
Inventories	3,698,543	112,559	3,811,102
Amount due from customers for contract work	380,416	(380,416)	-
Trade and other receivables	3,038,737	190,096	3,228,833
Prepayments and other assets	488,053	-	488,053
Cash and cash equivalents	147,820	570	148,390
	<u>7,753,569</u>	<u>(77,191)</u>	<u>7,676,378</u>
Current liabilities			
Trade and other payables	3,856,278	106,482	3,962,760
Interest bearing loans and borrowings	2,897,130	16,522	2,913,652
Income tax payable	31,165	5,042	36,207
	<u>6,784,573</u>	<u>128,046</u>	<u>6,912,619</u>
Net current liabilities	<u>968,996</u>	<u>(205,237)</u>	<u>763,759</u>
Total assets less current liabilities	<u>3,117,746</u>	<u>217,079</u>	<u>3,334,825</u>
Non-current liabilities			
Employee benefit liability	62,403	-	62,403
Deferred tax liabilities	9,952	81,123	91,075
	<u>72,355</u>	<u>81,123</u>	<u>153,478</u>
Net assets	<u>3,045,391</u>	<u>135,956</u>	<u>3,181,347</u>
Equity and reserves			
Share capital	324,737	-	324,737
Share premium	194,418	-	194,418
Retained earnings	2,277,968	(73,823)	2,204,145
Revaluation Reserve	-	78,323	78,323
	<u>2,797,123</u>	<u>4,500</u>	<u>2,801,623</u>
Non-controlling interest	<u>248,268</u>	<u>131,456</u>	<u>379,724</u>
Total equity and reserves	<u>3,045,391</u>	<u>135,956</u>	<u>3,181,347</u>

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

35.2

Company

	Previously reported N'000	Restatement adjustment N'000	Restated N'000
Non-current assets			
Property, plant and equipment	1,147,245	-	1,147,245
Investment in subsidiaries	250,000	243,000	493,000
Investment in associate	243,000	(243,000)	-
	<u>1,640,245</u>	<u>-</u>	<u>1,640,245</u>
Current assets			
Inventories	3,698,543	-	3,698,543
Amount due from customers for contract work	380,416	(380,416)	-
Trade and other receivables	3,440,469	380,416	3,820,885
Prepayments and other assets	488,052	-	488,052
Cash and cash equivalents	146,801	-	146,801
	<u>8,154,281</u>	<u>-</u>	<u>8,154,281</u>
Current liabilities			
Trade and other payables	3,853,545	-	3,853,545
Interest bearing loans and borrowings	2,897,130	-	2,897,130
Income tax payable	31,165	-	31,165
	<u>6,781,840</u>	<u>-</u>	<u>6,781,840</u>
Net current liabilities	<u>1,372,441</u>	<u>-</u>	<u>1,372,441</u>
Total assets less current liabilities	<u>3,012,686</u>	<u>-</u>	<u>3,012,687</u>
Non-current liabilities			
Employee benefit liability	62,402	-	62,402
Deferred tax liabilities	9,952	-	9,952
	<u>72,354</u>	<u>-</u>	<u>72,354</u>
Net assets	<u>2,940,332</u>	<u>-</u>	<u>2,940,332</u>
Equity and reserves			
Share capital	324,737	-	324,737
Share premium	194,418	-	194,418
Retained earnings	2,421,177	-	2,421,177
Total equity and reserves	<u>2,940,332</u>	<u>-</u>	<u>2,940,332</u>

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Previously reported N'000	Restatement adjustment N'000	Restated N'000
35.3 Impact of restatement on consolidated statement of financial position-2015			
Group			
Non-current assets			
Property, plant and equipment	2,472,176	527,567	2,999,743
Investment in associate	103,518	(103,518)	-
Deferred tax assets	-	4,156	4,156
	<u>2,575,694</u>	<u>428,205</u>	<u>3,003,899</u>
Current assets			
Inventories	3,323,637	107,188	3,430,825
Amount due from customers for contract work	479,768	(479,768)	-
Trade and other receivables	3,708,758	282,569	3,991,327
Prepayments and other assets	332,106	-	332,106
Cash and cash equivalents	88,097	2,511	90,608
	<u>7,932,366</u>	<u>(87,500)</u>	<u>7,844,866</u>
Current liabilities			
Advances from customers	135,714	-	135,714
Trade and other payables	2,369,292	99,104	2,468,396
Interest bearing loans and borrowings	5,716,968	14,100	5,731,068
Income tax payable	20,819	5,701	26,520
	<u>8,242,793</u>	<u>118,905</u>	<u>8,361,698</u>
Net current liabilities	<u>(310,427)</u>	<u>(206,405)</u>	<u>(516,832)</u>
Total assets less current liabilities	<u>2,265,267</u>	<u>221,800</u>	<u>2,487,067</u>
Non-current liabilities			
Interest bearing loans and borrowings	272,933	-	272,933
Employee benefit liability	53,360	-	53,360
Deferred tax liabilities	6,451	85,279	91,730
	<u>332,744</u>	<u>85,279</u>	<u>418,023</u>
Net assets	<u>1,932,523</u>	<u>136,521</u>	<u>2,069,044</u>
Equity and reserves			
Share capital	324,737	13	324,750
Share premium	194,418	(13)	194,405
Retained earnings	964,480	(73,823)	890,657
Revaluation Reserve	-	78,323	78,323
	<u>1,483,635</u>	<u>4,500</u>	<u>1,488,135</u>
Non-controlling interest	<u>448,888</u>	<u>132,021</u>	<u>580,909</u>
Total equity and reserves	<u>1,932,523</u>	<u>136,521</u>	<u>2,069,044</u>

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

35.4	Company	Previously reported N'000	Restatement adjustment N'000	Restated N'000
	Non-current assets			
	Property, plant and equipment	1,573,726	-	1,573,726
	Investment in subsidiaries	450,800	243,000	693,800
	Investment in associate	243,000	(243,000)	-
	Deferred tax assets	-	4,156	4,156
		<u>2,267,526</u>	<u>4,156</u>	<u>2,271,682</u>
	Current assets			
	Inventories	3,409,505	-	3,409,505
	Amount due from customers for contract work	479,768	(479,768)	-
	Trade and other receivables	3,709,419	479,768	4,189,187
	Prepayments and other assets	246,239	-	246,239
	Cash and cash equivalents	87,079	-	87,079
		<u>7,932,010</u>	<u>-</u>	<u>7,932,010</u>
	Current liabilities			
	Advances from customers	135,714	-	135,714
	Trade and other payables	2,366,729	-	2,366,729
	Interest bearing loans and borrowings	5,716,968	-	5,716,968
	Income tax payable	20,819	-	20,819
		<u>8,240,230</u>	<u>-</u>	<u>8,240,230</u>
	Net current liabilities	<u>(308,220)</u>	<u>-</u>	<u>(308,220)</u>
	Total assets less current liabilities	<u>1,959,306</u>	<u>4,156</u>	<u>1,963,462</u>
	Non-current liabilities			
	Interest bearing loans and borrowings	272,933	-	272,933
	Employee benefit liability	53,360	-	53,360
	Deferred tax liabilities	6,451	4,156	10,607
		<u>332,744</u>	<u>4,156</u>	<u>336,900</u>
	Net assets	<u>1,626,561</u>	<u>-</u>	<u>1,626,561</u>
	Equity and reserves			
	Share capital	324,737	13	324,750
	Share premium	194,418	(13)	194,405
	Retained earnings	1,107,406	-	1,107,406
	Total equity and reserves	<u>1,626,561</u>	<u>-</u>	<u>1,626,561</u>

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Previously reported N'000	Restatement adjustment N'000	Restated N'000
35.5 Impact of restatement on consolidated statement of profit or loss and other comprehensive income - 2015			
Group			
Revenue	4,528,303	19,284	4,547,587
Cost of sales	<u>(3,662,462)</u>	<u>(5,356)</u>	<u>(3,667,818)</u>
Gross profit	865,841	13,928	879,769
Selling and distribution expenses	(60,666)	-	(60,666)
Administrative expenses	(1,285,802)	(11,717)	(1,297,519)
Other operating income	<u>211,709</u>	<u>3,000</u>	<u>214,709</u>
Operating loss	<u>(268,918)</u>	<u>5,211</u>	<u>(263,707)</u>
Finance income:	17,763	-	17,763
Finance costs	(1,006,058)	(3,524)	(1,009,582)
Share of profit of associate	<u>463</u>	<u>-</u>	<u>463</u>
Net finance costs	<u>(987,832)</u>	<u>(3,524)</u>	<u>(991,356)</u>
Loss before taxation	(1,256,750)	1,687	(1,255,063)
Taxation	<u>(9,708)</u>	<u>(659)</u>	<u>(10,367)</u>
Loss after tax for the year	<u>(1,266,458)</u>	<u>1,028</u>	<u>(1,265,430)</u>
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
			-
Remeasurement gains/(losses) on defined benefit plans	2,182	-	2,182
tax effect	<u>(655)</u>	<u>-</u>	<u>(655)</u>
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	<u>1,527</u>	<u>-</u>	<u>1,527</u>
Total comprehensive loss net of tax	<u>(1,264,931)</u>	<u>1,028</u>	<u>(1,263,903)</u>
Total profit attributable to:			
Equity holders of the company	(1,266,278)	-	(1,266,278)
Non-controlling interest	<u>(180)</u>	<u>565</u>	<u>385</u>
Loss after tax for the year	<u>(1,266,458)</u>	<u>565</u>	<u>(1,265,893)</u>
Total comprehensive loss attributable to:			
Equity holders of the company	(1,264,751)	-	(1,264,751)
Non-controlling interest	<u>(180)</u>	<u>565</u>	<u>385</u>
	<u>(1,264,931)</u>	<u>565</u>	<u>(1,264,366)</u>

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Previously reported N'000	Restatement adjustment N'000	Restated N'000
35.6 Impact of restatement on consolidated reconciliation of net loss to net cash from operating activities-2015-Group			
Cash flows from operating activities			
Loss for the year	(1,264,751)	-	(1,264,751)
Adjustment for:			
Depreciation of property, plant and equipment	173,161	4,458	177,619
Finance costs	1,006,058	3,524	1,009,582
Impairment on trade and other receivables	75,613	-	75,613
Share of profit in associate	(463)	463	-
Movement in non-controlling interest	200,620	565	201,185
	<u>190,238</u>		<u>199,248</u>
Changes in:			
Increase in deferred tax assets	-	(4,156)	(4,156)
Decrease in inventories	374,906	5,371	380,277
Increase in amount due from customers	(99,352)	99,352	-
Increase in trade and other receivables	(785,634)	(52,474)	(838,108)
Decrease in prepayments and other current assets	155,947	-	155,947
Decrease in trade and other payables	(1,486,986)	(7,378)	(1,494,364)
Increase in advances from customers	135,714	-	135,714
Decrease in gratuity	(9,043)	-	(9,043)
Increase in current borrowings	1,676,210	-	1,676,210
Increase in deferred tax liability	655	-	655
Income tax expense	13,864	659	14,523
	<u>166,519</u>		<u>216,903</u>
Income taxes paid	<u>(24,210)</u>	<u>-</u>	<u>(24,210)</u>
Net cash generated from operating activities	<u>142,309</u>		<u>192,693</u>
Purchase of property plant and equipment	<u>(559,642)</u>	<u>(46,653)</u>	<u>(606,295)</u>
Net cash used in investing activities	<u>(559,642)</u>	<u>-</u>	<u>(606,295)</u>
Dividend paid	(48,737)	-	(48,737)
Finance costs	(1,006,058)	(3,524)	(1,009,582)
Increase in Non-current borrowings	272,933	-	272,933
Net cash used in financing activities	<u>(781,862)</u>		<u>(785,386)</u>
Net decrease in cash and cash equivalents	(1,199,195)		(1,198,988)
Cash and cash equivalents at 1 January	<u>(790,534)</u>	<u>(15,952)</u>	<u>(806,486)</u>
Cash and cash equivalents at 31 December	<u><u>(1,989,729)</u></u>		<u><u>(2,005,474)</u></u>

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Previously reported N'000	Restatement adjustment N'000	Restated N'000
35.7 Impact of restatement on consolidated reconciliation of net loss to net cash from operating activities - 2015			
Company			
Cash flows from operating activities			
Loss for the year	(1,265,033)	-	(1,265,033)
Adjustment for:			
Depreciation of property, plant and equipment	173,161	-	173,161
Finance costs	1,006,058	-	1,006,058
Impairment on trade and other receivables	75,613	-	75,613
	<u>(10,201)</u>		<u>(10,201)</u>
Changes in:			
Increase in deferred tax assets	-	(4,156)	(4,156)
Decrease in inventories	289,038	-	289,038
Increase in amount due from customers	(99,352)	99,352	-
Increase in trade and other receivables	(344,563)	(99,352)	(443,915)
Decrease in prepayments and other current assets	241,813	-	241,813
Decrease in trade and other payables	(1,486,815)	-	(1,486,815)
Increase in advances from customers	135,714	-	135,714
Decrease in gratuity	(9,043)	-	(9,043)
Increase in current borrowings	1,676,210	-	1,676,210
(Decrease) in deferred tax on gratuity	(3,501)	4,156	655
Income tax expense	13,864	-	13,864
	<u>403,164</u>		<u>403,164</u>
Income taxes paid	<u>(24,210)</u>	<u>-</u>	<u>(24,210)</u>
Net cash generated from operating activities	<u>378,954</u>		<u>378,954</u>
Purchase of property plant and equipment	(599,643)	-	(599,643)
Additional investments in subsidiary	<u>(200,800)</u>	<u>-</u>	<u>(200,800)</u>
Net cash used in investing activities	<u>(800,443)</u>	<u>-</u>	<u>(800,443)</u>
Dividend paid	(48,737)	-	(48,737)
Finance costs	(1,006,058)	-	(1,006,058)
Increase in Non-current borrowings	<u>272,933</u>	<u>-</u>	<u>272,933</u>
Net cash used in financing activities	<u>(781,862)</u>		<u>(781,862)</u>
Net decrease in cash and cash equivalents	(1,203,351)		(1,203,351)
Cash and cash equivalents at 1 January	<u>(791,552)</u>	<u>-</u>	<u>(791,552)</u>
Cash and cash equivalents at 31 December	<u><u>(1,994,903)</u></u>		<u><u>(1,994,903)</u></u>

SCOA NIGERIA PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

36. Contingencies

36.1 Bank guarantee

The company has an advance payment bank guarantee amounting to Nil in 2016 (2015 : N67.67 million) and a performance Bond also amounting to a Nil balance in 2016, (2015 : N7.95 million) both of which are in favour of Chad Basin Development Authority for the supply of Holland Combine Harvesters. There is an advance payment Guarantee with a Nil balance in 2016 (2015 : N27.797 million) in favour of Ekiti State Government for Road Construction and an advance payment Guarantee with a balance of a Nil balance in 2016 (2015 : Nil) in favour of Kogi State Government for road construction.

36.2 Commitment

The company had authorised and contracted purchase orders amounting to a Nil balance in 2016 (2015 : N33.23 million) as at the reporting date.

The company has unfunded Letters of Credit amounting to N275.4 million (2015 : N1.05 million) with various banking institutions in respect of letter of credits for importation of goods for trading.

36.3 Pending litigations and claims

There were contingent liabilities as at 31 December 2016 amounted to N217.6million in respect of legal claims. In the opinion of the Directors and based on independent legal advice on these cases, the Group is not expected to suffer any material loss arising from these claims. Thus, no provisions have been made in these consolidated financial statements.

37. Events after the reporting date

The Directors are of the opinion that no event or transaction has occurred subsequently to the reporting which could have had a material effect on the consolidated financial statements or which need to be disclosed in the consolidated financial statements in the interest of fair presentation of the consolidated financial position at the reporting date or its result in the year ended.

38. Comparative figures

Certain comparative figures in these consolidated financial statements have been restated to give a more meaningful comparison.

SCOA NIGERIA PLC

**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

Other National Disclosures

SCOA NIGERIA PLC

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Group				Company			
	2016 N'000	%	2015 N'000	%	2016 N'000	%	2015 N'000	%
Sales of products and services	3,580,316		4,547,587		3,569,645		4,528,303	
Other operating income	226,820		214,709		226,820		211,709	
Finance income	4,048		17,763		4,048		17,763	
	3,811,184		4,780,059		3,800,513		4,757,775	
Deduct:								
Cost of goods and services								
- Local	(148,635)		(1,269,337)		(148,635)		(1,259,941)	
- Import	(3,533,526)		(2,907,515)		(3,669,308)		(2,907,515)	
Value added	129,023	100	603,207	100	(17,430)	100	590,319	100
Distributed as follows:								
To pay employees:								
" -Salaries, wages and other staff costs	435,405	337	671,917	111	430,711	(2,471)	667,952	113
To pay providers of capital:								
- Finance costs	1,739,695	1,348	1,009,582	167	1,739,425	(9,979)	1,006,058	170
To pay Government:								
- Income tax expense	43,604	34	14,523	2	42,401	(243)	13,864	2
To provide for replacement of assets and future expansion of business:								
- Deferred tax write back	(670,025)	(519)	(4,156)	(1)	(670,025)	3,844	(4,156)	(1)
- Depreciation of property, plant and equipment	210,191	163	177,619	29	206,800	(1,186)	173,161	29
-Sustained loss for the year	(1,629,847)	(1,263)	(1,266,278)	(210)	(1,766,741)	10,136	(1,266,560)	(215)
Value added	129,023	100	603,207	100	(17,430)	100	590,319	100

The value added represents the wealth created through the use of the group's asset by its own its employees' efforts. This statement shows the allocation of wealth amongst employees, capital providers, government, and that retained for future creation of wealth.

SCOA NIGERIA PLC

FINANCIAL SUMMARY - (The Group)

31 DECEMBER

	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
Profit or loss and other comprehensive income					
Revenue	3,580,316	4,547,587	6,423,665	6,226,919	6,189,891
(Loss)/profit before income tax	(2,258,195)	(1,255,526)	84,669	144,906	164,306
Income tax write back/expense	626,421	(10,367)	92,333	(34,168)	(90,900)
(Loss)/profit for the year ended	(1,631,774)	(1,265,893)	177,002	110,738	73,406
Other comprehensive income/(loss)	4,149,698	79,850	(9,716)	33,812	(12,793)
Total comprehensive income/(loss) for the year	2,517,924	(1,186,043)	167,286	255,288	134,019
Employment of funds					
Property, plant & equipment	7,452,821	2,999,743	2,571,066	1,414,448	1,244,610
Investment in associate	-	-	-	102,287	-
Other non current asset	674,181	4,156	-	-	950
Net current asset	(380,791)	(516,832)	763,759	1,633,984	2,233,020
Non-current liabilities	(3,159,243)	(418,023)	(153,478)	(180,532)	(217,475)
Net asset	4,586,968	2,069,044	3,181,347	2,970,187	3,261,105
Funds employed					
Share capital	324,750	324,750	324,737	324,737	324,737
Share premium account	194,405	194,405	194,418	194,418	434,418
Revaluation reserve	4,224,807	78,323	78,323	-	-
(Loss sustained)/retained earnings	(735,976)	890,657	2,204,145	2,202,604	2,253,129
Non controlling interest	578,982	580,909	379,724	248,428	248,821
	4,586,968	2,069,044	3,181,347	2,970,187	3,261,105
Basic/diluted (loss)/ earnings per share (Naira)	(2.51)	(1.95)	0.28	(0.17)	12
Dividend per share (gross)	-	-	8	15	10
Net asset per share (Naira)	7.06	3.19	4.90	4.57	5.02

(Loss)/earnings per share are based on (loss)/profit after tax divided by the issued and fully paid ordinary shares at the end of each financial year.

Dividend per share are based on the profit after tax and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets divided by the issued and fully paid ordinary shares at the end of each financial year.

SCOA NIGERIA PLC

FINANCIAL SUMMARY - (The Company)

31 DECEMBER

	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
Profit or loss account					
Revenue	<u>3,569,645</u>	<u>4,528,303</u>	<u>6,440,132</u>	<u>6,226,919</u>	<u>6,189,891</u>
(Loss)/profit before income tax	<u>(2,394,365)</u>	<u>(1,256,852)</u>	<u>87,996</u>	<u>157,420</u>	<u>176,762</u>
Income tax write back/expense	<u>627,624</u>	<u>(9,708)</u>	<u>91,033</u>	<u>(34,168)</u>	<u>(90,900)</u>
(Loss)/profit for the year ended	<u>(1,766,741)</u>	<u>(1,266,560)</u>	<u>179,029</u>	<u>123,252</u>	<u>85,862</u>
Employment of funds					
Property, plant & equipment	6,025,283	1,573,726	1,147,245	914,998	745,160
Investment in subsidiary	555,292	693,800	493,000	250,000	5,000
Investment in associate	-	-	-	243,000	-
Other non-current asset	674,181	4,156	-	-	950
Net current asset	(167,118)	(308,221)	1,372,441	1,638,111	2,234,002
Non-current liabilities	<u>(3,078,120)</u>	<u>(336,900)</u>	<u>(72,355)</u>	<u>(180,532)</u>	<u>(211,649)</u>
Net asset	<u>4,009,517</u>	<u>1,626,561</u>	<u>2,940,331</u>	<u>2,865,577</u>	<u>2,773,463</u>
Funds employed					
Share capital	324,750	324,750	324,737	324,737	324,737
Share premium account	194,405	194,405	194,418	194,418	194,418
Revaluation reserve	4,146,484	-	-	-	-
(Loss sustained)/retained earnings	<u>(656,121)</u>	<u>1,107,406</u>	<u>2,421,176</u>	<u>2,346,422</u>	<u>2,254,308</u>
	<u>4,009,517</u>	<u>1,626,561</u>	<u>2,940,331</u>	<u>2,865,577</u>	<u>2,773,463</u>
Basic/diluted (loss)/earnings per share (Naira)	(2.72)	(1.95)	0.28	0.19	12.00
Dividend per share (gross)	-	-	8.00	15.00	10.00
Net assets per share	6.17	2.50	4.53	4.41	4.27