CHELLARAMS PLC AND ITS SUBSIDIARY COMPANIES
FINANCIAL STATEMENTS
31 MARCH 2018

DIRECTORS, ADVISORS AND REGISTERED OFFICE

Corporate information

Chairman of the Board	Asiwaju Solomon Kayode Onafowokan, OON
Directors	
Managing Director	Chief Suresh M. Chellaram
Director	Alhaji Ahmed Adamu Abdulkadir Otunba
Director	Richard Adeniyi Adebayo, CON Mr.
Chief Executive Officer	Aditya Suresh Chellaram
Registered office	Plot 110/114 Oshodi - Apapa Expressway, Isolo, Lagos.
Company Secretary	Mrs. Ezinwanne Dorothy Nnoruka Plot 110/114 Oshodi - Apapa Expressway, Isolo, Lagos.
Company Registrar	GTL Registrars Plot 2, Burma Road, Apapa, Lagos.
Auditors	BDO Professional Services ADOL House 15, CIPM Avenue Cental Business District Alausa, Ikeja Lagos.
Bankers	Standard Chartered Bank Nigeria Limited Citibank Nigeria Limited Diamond Bank Plc First City Monument Bank Limited First Bank of Nigeria Limited United Bank of Africa Plc Eco Bank Plc Zenith Bank Plc Access Bank Plc Union Bank Plc Guaranty Trust Bank Plc Coronation Merchant Bank Limited

RC 639

Chellarams Plc

Serving Nigeria Since 1923

110/114 Oshodi-Apapa Expressway,
Isolo, Lagos, Nigeria.
Phone: + 234 1 773 3838 - 40
Fax: + 234 1 279 3668
Email: lagos@chellaramsplc.com
www.chellaramsplc.com

REPORT OF THE AUDIT COMMITTEE

TO: THE MEMBERS OF CHELLARAMS PLC

In compliance with Section 359(6) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 1990, ('The Act'), we, the members of the Audit Committee have reviewed and considered the Financial Statements of the Group for the year ended 31st March, 2018 and the reports thereon and confirm as follows:

(a) The accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

(b) The scope and planning of the audit requirements were in our opinion adequate.

(c) We have reviewed the findings on management matters, in conjunction with the External Auditors and are satisfied with the responses of management thereon.

(d) The Company's system of accounting and internal controls were adequate.

(e) We have made the recommendations required to be made in respect of the Auditors.

.....

Chairman, Audit Committee
Mr. Ezekiel M. Faniyi - FCA
FRC/2015/ICAN/00000010981

Other Members:
Otunba Richard A. Adebayo, CON
Mr. Aditya S. Chellaram
Alhaji Ahmed A. Abdulkadir
Mr. Adegbola Obiwale
Mr. Peter Eyanuku

BOARD: Asiwaju S.K. Onafowakan, OON (Chairman); Chief S.M. Chellaram (Managing) British; Otunba R.A. Adebayo CON; A.S. Chellaram (British); Alhaji A.A. Abdulkadir

BDO

Tel: +234 1 4483050-9
www.bdo-ng.com

ADOL House
15 CIPM Avenue
Central Business District
Alausa, Ikeja
P.O.Box 4929, GPO, Marina
Lagos, Nigeria

INDEPENDENT AUDITORS REPORT
TO THE SHAREHOLDERS OF CHELLARAMS PLC AND ITS SUBSIDIARY COMPANIES
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Chellarams Plc and its subsidiary Companies ('together the Group') for the financial year ended 31 March 2018, which comprises the consolidated and separate statement of financial position, consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements which include the significant accounting policies and other explanatory notes

In our opinion, the accompanying financial statements give a true and fair view of the Group and the Company's financial position as at 31 March 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011 and the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements attached as an appendix to our report. We are independent of the Company and its subsidiaries in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, therefore, we do not provide a separate opinion on these matters.

Valuation of Inventory

Risk

Inventory is carried in the financial statements at the lower of cost and net realisable value. Sales of consumable items can be extremely volatile considering the market competition and the changes in consumers taste. As a result there is a risk that the carrying value of inventory may exceed its net realisable value.

BDO Professional Services, a firm of Chartered Accountants registered in Nigeria, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Partners: Sanni A. Dosunmu, E. Olaseinde Olabisi, Olugbemiga A. Akibayo, Kamar Salami, Tokunbo L. Oluyemi, Henry B. Omodigbo
BN: 170585

Response

Our audit procedures included, among others the following:

- NRV Testing

For a sample of items in inventory, we verified that the final selling price is above cost after making provision for any additional costs to completion, and costs to sell.

- for sales price - checked selling prices to price lists, prior and current invoicing, etc, allowing for any normal trade and quantity discounts
- for costs to complete - reviewed computations of costs to complete for reasonableness
- for costs to sell - reviewed computations of selling costs
- Obtained an understanding of the reason for any item that had an NRV less than cost, and consider the need for a provision on any such items.

- Price Test - Raw Materials and Finished Goods

Obtained inventory valuation report at year end

- Agreed basis of valuation to Company accounting policy
- Agreed valuation report to physical inventory count report
- Selected using BDO sampling approach the inventory value for testing
- Obtained stock ledger for selected items
- Extracted opening inventory in quantity and value
- Obtained weighted average per unit of purchases in quantity and value
- Compared with weighted average used for valuation
- Investigated any difference noted

Valuation and accuracy of trade receivables

Risk

Trade receivables are stated initially at fair value and subsequently measured at amortised cost, less provision for impairment. There is need to test for adequacy of impairment allowance and valuation of receivables.

Response

Our audit procedures included, among others the following:

- Obtained a schedule of trade receivables allowances.
- Checked arithmetical accuracy and ensured items included are in accordance with the policy for providing for doubtful receivables
- Reviewed ageing of trade receivables and where necessary made additional provision where recoverability of balance seems doubtful.

Investments in Subsidiaries and Associated Companies

Risk

The Company holds investments in some subsidiaries and associate companies which are incurring continuous losses. There is need for proper review of the Company's investment in associates and subsidiaries for impairment in compliance with International Accounting Standard 36 (IAS 36) which states that investments in subsidiaries and associated Companies must be reviewed for impairment regularly.

Response

Our audit procedures included, among others the following:

- Impairment of investments

- Considered whether there are any indications of impairment, and if so, checked whether provision for impairment is required. Where provision is required, checked calculations and agreed to supporting documentation.
- Confirmed treatment is in accordance with generally accepted accounting principles.
- Where provision is not required, considered whether any adjustments to recoverable amount are necessary.

Fluctuations of foreign exchange rates

Risk

The Company imports most of its raw materials basically with the aid of foreign denominated facilities, which might give rise to foreign exchange loss due to devaluation of the naira during the year. There is need to test for accuracy or otherwise of the valuation of the foreign denominated facilities and the profits or losses on exchange thereon.

Response

Our audit procedures included, among others the following:

- Re-perform translation of non-functional currency cash and bank balances into the functional currency

- Obtained currency spot rates from an industry average.
- Re-performed the translation to the functional currency.
- Evaluated differences between the stated values and that calculated, and raised adjustments if necessary.

Laws and regulations

Risk

The Company is regulated by different laws and regulations. Non compliance with regulations issued by regulatory agencies and tax laws from the Tax Authorities may expose the Company to penalties and fines from the relevant authorities.

Response

Our audit procedures included, among others the following:

- **Reviewed post year end payments**

- Reviewed payments made subsequent to year end and agreed to supporting documentation.
- Reviewed minutes and invoices received subsequent to year end for possible unrecorded liabilities and checked that any liability which existed at the year-end has been included in the financial statements.
- Reviewed correspondences with regulatory and statutory authorities for unrecorded liabilities during and subsequent to year end.

Revenue recognition

Risk

Under International Standard on Auditing (ISA 240) (the auditor's responsibilities relating to fraud in an audit of financial statements) there is a presumed risk that revenue may be misstated, if not properly recognised in the books.

Response

Our audit procedures included, among others the following:

- **Vouched a sample of goods supplied to revenue recorded for the year**

- For a sample of goods dispatched or supplied, agreed to invoice and to invoice listing.
- For cash sales, traced cash received to cash received register.
- For credit sales, traced sales to customer's account statement.
- Agreed sales returns to approved credit notes.
- Ensured that sales relates to the appropriate period.

- **Confirmed revenue cycle cut-off from invoices recorded**

- Obtained details of invoices raised over one week either side of the year end.
- Verified that the related goods were supplied and delivered in the matching accounting period.

Facilities repayments
Risk
The Company's operations are majorly financed by facilities from banks both within and outside Nigeria. The Company experienced a significant reduction in turnover in the year 2017/2018 when compared with 2016/2017. There is need to test that the facilities are being serviced as stated in the facilities covenants.

Response
Our audit procedures included, among others the following:
- **Discussed borrowing facilities with management**

Discussed the reliance of the client on its current loans and overdraft balances.

- Determined when facilities become due for renewal;
- Determined if the bank has refused to provide financing for operations;
- Assessed the likelihood of the bank's continued support;
- Ensured that facilities covenants have not been breached.

Where a covenant waiver has been obtained, agreed to correspondences with the lender.

- **Reviewed cash flow forecasts/budgets and other available information**

- Reviewed the cash flow forecasts, budgets and other information available, and applying skepticism, assessed whether there is any doubt about the going concern basis.

- Established whether the assumptions used in the forecasts were appropriate by examining other books, contracts, etc, and considered how sensitive the information is to changes in assumptions.

- Considered if the length of the forecast period is at least as long as required by generally accepted accounting principles.
- Considered the reasonableness of management's plans for overcoming the adverse effects of any conditions or events raising doubt about going concern.

Other Information
Management is responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact, we have nothing to report in this regard.

BDO

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN 2004, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located in an appendix to this report. This description forms part of our audit report.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, CAP C20, LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

ii) in our opinion, proper books of account have been kept by the Group and the Company, and

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

Olugbemiga A. Akibayo
FRC/2013/ICAN/00000001076
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
21 June 2018

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
1516817
A

Appendix

Details of Auditors responsibilities for the audit of the financial statements

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We

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

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

CHELLARAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

		GROUP		COMPANY	
		2018	2017	2018	2017
	Notes	N'000	N'000	N'000	N'000
Revenue	7	8,732,985	12,400,402	4,847,173	7,466,457
Cost of sales	8	(6,917,919)	(9,046,477)	(4,057,611)	(4,986,293)
Gross profit		1,815,066	3,353,925	789,562	2,480,164
Other operating income	9	875,943	96,838	874,104	159,881
Selling and distribution expenses	10	(84,157)	(78,319)	(8,020)	(32,403)
Administrative expenses	11	(4,384,104)	(1,754,902)	(3,166,192)	(1,589,225)
(Loss)/profit from operating activities		(1,777,252)	1,617,543	(1,510,546)	1,018,417
Finance costs	12	(599,549)	(950,406)	(438,840)	(686,105)
Fair value gains on investment properties	17(c)	-	120,000	-	120,000
Fair value loss on investment in associate	18(f)	(18,918)	(106,422)	(243,328)	(106,422)
Share of loss from associates	18(e)	-	(112,977)	-	-
Gain on disposal of investments in equity	18(h)	2,665,623	-	2,665,623	-
Profit before taxation		269,904	567,738	472,909	345,890
Taxation	14(a)	(69,193)	(233,683)	(24,263)	(152,092)
Profit for the year		200,711	334,055	448,646	193,798
Other comprehensive income:					
Items that will be reclassified to profit or loss					
Revaluation surplus	29.1	1,437,307	-	1,437,307	-
Items that will not be reclassified to profit or loss		-	-	-	-
Other comprehensive income for the year, net of tax		1,437,307	-	1,437,307	-
Total comprehensive income for the year		1,638,018	334,055	1,885,953	193,798
Profit for the year attributable to:					
Owners of the parent		336,631	290,324	-	-
Non-controlling interest		(135,919)	43,731	-	-
Profit for the year		200,711	334,055	-	-
Total comprehensive income attributable to:					
Owners of the parent		1,773,938	290,324	1,885,953	193,798
Non-controlling interest	30(a)	(135,919)	43,731	-	-
Total comprehensive income for the year		1,638,018	334,055	1,885,953	193,798
Basic earnings per share (kobo)	31	245.38	40.16	62.06	26.81
Diluted earnings per share (kobo)	31	245.38	40.16	62.06	26.81

The accompanying notes on pages 11 to 51 and other national disclosures on pages 52 to 54 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

CHELLARAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2018

	Notes	GROUP 2018 N'000	GROUP 2017 N'000	COMPANY 2018 N'000	COMPANY 2017 N'000
Non-current assets					
Property, plant and equipment	15	4,908,746	3,804,394	4,483,266	3,298,798
Intangible assets	16	-	-	-	-
Investment property	17	1,100,000	1,100,000	1,100,000	1,100,000
Investment in subsidiaries	18	-	-	86,796	81,277
Investments in associate	18(d)	-	42,058	-	266,468
Financial assets held to maturity	19	-	-	148,019	148,019
Deferred tax assets	14(d)	-	26,225	-	69,480
Net employee defined benefits	27(b)	-	-	-	21,470
Total Non-Current Assets		6,008,746	4,972,677	5,818,081	4,985,512
Current assets					
Inventory	21	2,036,425	1,928,333	194,050	1,366,091
Trade and other receivables	22(a)	4,758,612	6,249,507	5,303,451	5,782,897
Cash and cash equivalents	23	380,942	215,867	296,582	139,478
		7,175,979	8,393,707	5,794,083	7,288,466
Current liabilities					
Short term borrowings	24(a)	4,782,037	5,637,139	3,911,405	5,236,377
Finance lease obligation	25	960	8,956	960	8,956
Trade and other payables	26	2,537,479	2,158,049	1,732,854	1,681,962
Taxation	14(b)	72,687	54,637	25,903	11,858
		7,393,163	7,858,781	5,671,122	6,939,153
Net current (liabilities)/assets		(217,184)	534,926	122,961	349,313
Total assets less current liabilities		5,791,562	5,507,603	5,941,042	5,334,825
Non-current liabilities					
Finance lease	25	-	938	-	938
Long term borrowings	24(b)	974,312	2,540,222	840,813	2,294,518
Subordinated loan/promoter's loan	24(d)	1,184,541	1,184,541	1,184,541	1,184,541
Deferred taxation	14(d)	131,622	-	90,221	-
Net employee defined benefits	27(b)	95,549	16,672	84,686	-
		2,386,025	3,742,373	2,200,260	3,479,997
Net assets		3,405,537	1,765,230	3,740,781	1,854,828
Equity					
Share capital	28	361,463	361,463	361,463	361,463
Revaluation reserve	29	4,082,970	2,918,303	4,082,970	2,645,663
Revenue reserve	30	(906,877)	(1,516,148)	(703,652)	(1,152,298)
		3,537,556	1,763,618	3,740,781	1,854,828
Non controlling interest	30(a)	(132,019)	1,612	-	-
Total equity		3,405,537	1,765,230	3,740,781	1,854,828

The financial statements and notes to the financial statements were approved by the Board of directors on 7th June 2018 and signed on its behalf by:

Oluwaju S. K. Onafowokan, OON	Chief S. M. Chellaram	Mr. A. B. Kolade
Chairman	Managing Director	General Manager (Finance)
FRC/2013/IODN/00000005336	FRC/2013/IODN/00000005337	FRC/2013/ICAN/00000001467

The accompanying notes on pages 11 to 51 and other national disclosures on pages 52 to 54 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

CHELLARAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Share capital N'000	Revaluation Reserve N'000	Revenue Reserve N'000	Non-controlling interest N'000	Total equity N'000
Balance at 1 April 2017					
- as previously restated	361,463	2,918,303	(1,516,148)	1,612	1,765,230
- Prior period restatement (Note 34)	-	(272,640)	272,640	-	-
- As Restated	361,463	2,645,663	(1,243,508)	1,612	1,765,230
Comprehensive Income for the year					
Profit for the year	-	-	336,631	(135,920)	200,711
Other comprehensive income					
Revaluation surplus	-	1,437,307	-	-	1,437,307
Total comprehensive profit for the year	-	1,437,307	336,631	(135,920)	1,638,018
Contributions by and distributions to owners					
Issue share	-	-	-	2,290	2,290
Balance at 31 March 2018	361,463	4,082,970	(906,877)	(132,018)	3,405,538
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Balance at 1 April 2016	361,463	2,918,303	(1,806,472)	(42,119)	1,431,175
Comprehensive Income for the year					
Profit for the year	-	-	290,324	43,731	334,055
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	290,324	43,731	334,055
Contributions by and distributions to owners	-	-	-	-	-
Balance at 31 March 2017	361,463	2,918,303	(1,516,148)	1,612	1,765,230

The accompanying notes on pages 11 to 51 and other national disclosures on pages 52 to 54 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Share capital N'000	Revaluation Reserve	Retained earnings N'000	Total equity N'000
Balance at 1 April 2017	361,463	2,645,663	(1,152,298)	1,854,828
Comprehensive Income for the year				
Profit for the year	-	-	448,646	448,646
Other comprehensive income	-	-	-	-
Revaluation surplus		1,437,307	-	1,437,307
Total comprehensive income for the year	-	1,437,307	448,646	1,885,953
Contributions by and distributions to owners	-	-	-	-
Balance at 31 March 2018	361,463	4,082,970	(703,652)	3,740,781
	N'000	**N'000**	**N'000**	**N'000**
Balance at 1 April 2016	361,463	2,645,663	(1,346,096)	1,661,030
Comprehensive Income for the year				
Profit for the year	-	-	193,798	193,798
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	-	193,798	193,798
Contributions by and distributions to owners	-	-	-	-
Balance at 31 March 2017	361,463	2,645,663	(1,152,298)	1,854,828

The accompanying notes on pages 11 to 51 and other national disclosures on pages 52 to 54 form an integral part of these financial statements.

CHELLARAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

		GROUP		COMPANY	
	Notes	2018	2017	2018	2017
Cash flows from operating activities		N'000	N'000	N'000	N'000
Profit after taxation		200,711	334,055	448,646	193,798
Adjustments for:					
Gain on disposal of property, plant and equipment	9	(237,439)	-	(237,439)	-
Loss on disposal of property, plant and equipment	11	-	9,005	-	9,005
Share of loss of associates	11(c)	-	112,977	-	-
Finance charges	12	599,549	950,406	438,840	686,105
Income tax expense	14	69,193	233,683	24,263	152,092
Depreciation of property, plant and equipment	15	210,428	243,590	132,901	161,054
Asset written off	15	12,320	-	6,943	-
Gain on fair valuation on investment property	17(c)	-	(120,000)	-	(120,000)
Gain on disposal of investments	18(b)	(2,665,623)	-	(2,665,623)	-
Fair value adjustment of investment in associate	18(f)	18,918	106,422	243,328	106,422
		(1,791,943)	1,870,138	(1,608,141)	1,188,476
(Increase)/decrease in inventory	21	(108,092)	(93,919)	1,172,041	(364,120)
Decrease in trade and other receivables	22(a)	1,490,895	90,665	479,446	252,144
Increase in trade and other payables	26	379,430	719,188	50,892	928,835
Increase/(decrease) in employee benefits	27(b)	78,877	(1,142)	106,156	(2,544)
Cash generated by operations		49,168	2,584,930	200,394	2,002,791
Tax paid	14(b)	(52,997)	(104,517)	(10,218)	(53,466)
Net cash inflow from operating activities		(3,829)	2,480,413	190,176	1,949,325
Cash flows from investing activities					
Additions to property, plant and equipment	15	(18,680)	(48,986)	(15,892)	(28,369)
Additions to investment	18.1	-	-	(7,809)	(1,000)
Proceeds from disposal of property, plant and equipment		526,027	2,891	526,027	2,891
Proceeds from disposal of investments		2,691,053	-	2,691,053	-
Net cash inflow/(outflow) from investing activities		3,198,399	(46,095)	3,193,379	(26,478)
Cash flows from financing activities					
Short term borrowings	24	(577,621)	(2,642,804)	(578,267)	(2,650,510)
Additional loan received	24(b)	672,000	2,072,981	-	2,072,981
Long term loan repaid	24(b,c)	(1,593,123)	(252,564)	(1,164,991)	(119,472)
Additional subordinated loan/promoter's loans received	24(c)	-	190,000	-	190,000
Finance lease addition	25	-	6,480	-	6,480
Finance lease repayment	25	(8,934)	(10,438)	(8,934)	(10,438)
Finance charges	12	(599,549)	(950,406)	(438,840)	(686,105)
Net cash outflow from financing activities		(2,107,227)	(1,586,751)	(2,191,032)	(1,197,064)
Net increase in cash and cash equivalents		**1,087,343**	**847,567**	**1,192,523**	**725,783**
Cash and cash equivalents at the beginning of the year		(2,434,345)	(3,281,912)	(2,342,487)	(3,068,270)
Cash and cash equivalents at the end of the year		(1,347,002)	(2,434,345)	(1,149,964)	(2,342,487)
Cash and cash equivalents comprise:					
Cash at Bank and in hand	23	380,942	215,867	296,582	139,478
Bank overdraft	24(a)	(1,727,944)	(2,650,212)	(1,446,546)	(2,481,965)
Cash and cash equivalents at the end of the year		(1,347,002)	(2,434,345)	(1,149,964)	(2,342,487)

The accompanying notes on pages 11 to 51 and other national disclosures on pages 52 to 54 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

1 **The Company - Corporate information and principal activities**

Chellarams Plc (The Company) was incorporated on 13 August 1947 as a private limited liability Company with the primary aim of doing business of distribution, trading and manufacturing. The entity later became a public limited liability Company and was admitted to the official list of the Nigerian Stock Exchange on 29 Novemebr 1974 as a Public Company. The entity comprises three subsidiaries namely: Dynamic Industries Limited, United Technical and Allied Services Limited and Chellarams DMK Limited. United Technical and Allied Services Limited is wholly owned subsidiary while the Company has 77.71% and 74% shareholding in Dynamic Industries Limited and Chellarams DMK Limited respectively. The principal activities of Chellarams Plc are trading and distribution of fast moving consumer goods, ingredients and consumer durables and industrial chemicals.

Its registered office is at Plot 110/114 Oshodi Apapa Expressway , Isolo, Lagos.

2 **Basis of preparation**

(a) **Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act, CAP C20, LFN, 2004.

The financial statements were authorised for issue by the Board of Directors on 7 June 2018.

(b) **Basis of measurement**

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

Financial instruments, land and building and investment properties which are measured at fair value.

(c) **Functional and presentation currency**

These financial statements are presented in Naira, which is the Group's functional currency. Amounts are rounded to the nearest thousands, unless otherwise stated.

(d) **Use of estimates and judgement**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3 **New standards, amendments and interpretation issued but not yet adopted by the Company**

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 March 2018. They have not been adopted in preparing the financial statements for the year ended 31 March 2018 and are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated in the table below.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 16 issued in January 2016	Leases	IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. **Accounting by lessees** Upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless: i) the right-of-use asset is an investment property and the lessee fair values its investment property under IAS 40; or ii) the right-of-use asset relates to a class of PPE to which the lessee applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.	Annual reporting periods beginning on or after 1 January 2019	The Company is still reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted in 2019.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
		The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The lease liability is subsequently re-measured to reflect changes in: o the lease term (using a revised discount rate); o the assessment of a purchase option (using a revised discount rate); o the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or o future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The re-measurements are treated as adjustments to the right-of-use asset. **Accounting by lessor** Lessor shall continue to account for leases in line with the provision in IAS 17.		

4) **Critical accounting estimates and judgements**

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience as other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(a) **Income and deferred taxation**

Chellarams Plc annually incurs income taxes payable, and also recognises changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

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

The Group assesses assets or group of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Group's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

(c) **Legal proceedings**

The Group reviews outstanding legal cases following developments in the legal proceedings at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued),the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

5) **Summary of significant accounting policies**

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

(a) **Going concern**

The directors assess the Group's future performance and financial position on a going concern basis and have no reason to believe that the Group will not be a going concern in the year ahead. For this reason, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

(b) **Foreign currency**

Foreign currency transactions

In preparing the financial statements of the Group, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Non -monetary items that are measured in terms of cost in a foreign currency are translated using the exchange rate at the end of the period.

(c) **Basis of consolidation**

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether defacto control exists the Company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

(d) **Associates**

When the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income except that losses in excess of the Group's investment in the associate are not recognised unless there is obligation to make good those losses.

Profit and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investor's interest in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associates.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in the associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non financial assets.

(e) **Revenue recognition**

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of the Group's activities and is stated net of value-added tax (VAT), rebates and discounts.

(i) **Sale of goods**

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) **Other income**

This comprises profit from sale of financial assets, plant and equipment, foreign exchange gains, fair value gains of non financial assets measured at fair value through profit or loss and impairment loss no longer required written back.

Income arising from disposal of items of financial assets, plant and equipment and scraps is recognised at the time when proceeds from the disposal have been received by the Group. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets. The Group recognises impairment no longer required as other income when the Group receives cash on an impaired receivable or when the value of an impaired investment increased and the investment is realisable.

(f) **Expenditure**

Expenditures are recognised as they accrue during the course of the year. Analysis of expenses recognised in the statement of comprehensive income is presented in classification based on the function of the expenses as this provides information that is reliable and more relevant than their nature.

The Group classifies its expenses as follows:

- Cost of sales;
- Administration expenses;
- Selling and distribution expenses; and
- Other allowances and amortizations

Finance income and finance costs

Finance income comprises interest income on short-term deposits with banks, dividend income, changes in the fair value of financial assets at fair value through profit or loss and foreign exchange gains.

Dividend income from investments is recognised in profit or loss when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the entity and the amount of income can be measured reliably).

Interest income on short-term deposits is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, losses on disposal of available for sale financial assets, impairment losses on financial assets (other than trade receivables).

(g) **Income tax expenses**

Income tax expense comprises current income tax, education tax and deferred tax. (See policy 'w' on income taxes)

(h) **Earnings per share**

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

(i) **Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment and are depreciated accordingly. Subsequent costs and additions are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

Freehold land and buildings are subsequently carried at revalued amounts, based on every 5years periodic valuations by external independent valuers; less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the Income statement.

Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method on the following bases:

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life.

Building	2%
Funiture and Fixtures	10%
Motor Vehicles	25%
Plant and Machinery	10%
Office Equipment	15%
Short leaseholds	over the unexpired period

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss component of the statement of comprehensive income within 'Other income' in the year that 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 necessary.

(j) **Intangible Assets**

Computer software

Computer software purchased from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software is capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over the useful life of the intangible asset.

Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement cost and is added to the original cost of the software. All other expenditure is expensed as incurred.
Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Computer software	5 years

Derecognition of intangible assets

An intangible assets is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible assets, measured are as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss when the asset is derecognised.

(k) **Investment property**

An investment property is an investment in land and buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the Group.

Initial measurement is at cost, while subsequent recognition is at fair value. Investment property measured at fair value is reassessed every year and changes in carrying value are recognised in the statement of profit or loss.

(l) **Impairment of non-financial assets**

Non-financial assets other than inventories are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash-generating units).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

(m) **Financial Assets**

The Group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss (or held-for-trading), Held-to-maturity, Available-for-sale financial assets and loans and receivables. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

i) **Financial assets at fair value through profit or loss (Held-for-trading)**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. Financial assets are designated at fair value through profit or loss or as Held-for-trading if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's risk management or investment strategy. The investments are carried at fair value, with gains and losses arising from changes in their value recognised in the income statement in the period in which they arise. Such investments are the Group's investments in quoted equities.

ii) **Held-to-maturity financial assets**

The Group classifies financial assets as Held-to-maturity financial assets when the Group has positive intent and ability to hold the financial assets (i.e. investments) to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using effective interest method less any impairment losses. Any sale or reclassification of more than insignificant amount of held-to-maturity investments, not close to their maturity, would result in the reclassification of all held-to-maturity financial assets as available-for-sale, and prevent the Group from classifying investment securities as held-to maturity for the current and the following two financial years.

Interest on held-to-maturity financial assets are included in the income statement and are reported as 'net gain or loss' on investment securities.

iii) **Available -for-sale investments**

Available-for-sale financial assets are non-derivative financial assets that are classified as available-for-sale or are not classified in any of the two preceeding categories and not as loans and receivables which may be sold by the Group in response to its need for liquidity or changes in interest rates, exchange rates or equity prices. They include investment in unquoted shares. These investments are initially recognised at cost. After initial recognition or measurement, available-for-sale financial assets are subsequently measured at fair value using 'net assets valuation basis'. Fair value gains and losses are reported as a separate components in other comprehensive income until the investment is derecognised or the investment is determined to be impaired.

On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to the statement of profit or loss and other comprehensive income.

iv) **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest method less any impairment losses. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

(n) **Impairment of financial assets**

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

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the group about the following loss events:

Significant financial difficulty of the issuer or obligor;
A breach of contract, such as a default or delinquency in interest or principal payments; The Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider; Its becoming probable that the borrower will enter bankruptcy or any other financial reorganisation; The disappearance of an active market for that financial asset because of financial difficulties; or Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the Group;
- national or local economic conditions that correlate with defaults on the assets in the Group;
- delinquency in contractual payments of principal or interest;
- cash flow difficulties;
- breach of loan covenants or conditions;
- deterioration in the value of collateral; and,
- initiation of bankruptcy proceedings.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are 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.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The amount of the impairment loss on assets carried at amortised cost is recognised immediately through the income statement and a corresponding reduction in the value of the financial asset is recognised through the use of an allowance account. A write off is made when all or part of a claim is deemed uncollectable or forgiven after all the possible collection procedures have been completed and the amount of loss has been determined. Write offs are charged against previously established provisions for impairment or directly to the income statement.

Any additional recoveries from borrowers, counterparties or other third parties made in future periods are offset against the write off charge in the income statement once they are received. Provisions are released at the point when it is deemed that following a subsequent event the risk of loss has reduced to the extent that a provision is no longer required, the asset expires, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

(o) **Trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Discounting is ignored if insignificant. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that debtor will enter bankruptcy and default or delinquency in payment, are the indicators that a trade and other receivable is impaired. 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 comprehensive income within the administrative cost.

The amount of the impairment provision is the difference between the asset's nominal value and the recoverable value, which is the present value of estimated cash flows, discounted at the original effective interest rate. Changes to this provision are recognised under administrative costs.

When a trade receivable is uncollectable, it is written o against the provision for trade receivables.

(p) **Prepayments**

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the statement of profit and loss and other comprehensive income.

(q) **Inventory**

Inventory are stated at the lower of cost and net realisable value, with appropriate provisions for old and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses.

Cost is determined as follows:-

Raw materials

Raw materials which includes purchase cost and other costs incurred to bring the materials to their location and condition are valued using weighted average cost.

Finished goods

Cost is determined using the weighted average method and includes cost of material, labour, production and attributable overheads based on normal operating capacity.

Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weigted average cost after making allowance for obsolete and damaged stocks.

(r) **Cash and cash equivalents**

For the purposes of statement of cash flows, cash comprises cash in hand and deposits held at call with banks and other financial institutions. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(s) **Borrowings**

Borrowings are recognized initially at their issue proceeds and subsequently stated at cost less any repayments. Transaction costs where immaterial, are recognized immediately in the statement of comprehensive income. Where transaction costs are material, they are capitalized and amortised over the life of the loan. Interest paid on borrowing is recognized in the statement of comprehensive income for the period.

(t) **Financial liabilities**

Financial liabilities are initially recognised at fair value when the Group become a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method. The Group's financial liabilities includes: trade and other payables. Financial liabilities are presented as if the liability is due to be settled within 12 months after the reporting date, or if they are held for the purpose of being traded. Other financial liabilities which contractually will be settled more than 12 months after the reporting date are classified as non-current.

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 less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in income statement.

(u) **Provisions**

A provision is recognized only if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the expenditure required to settle the obligation at the reporting date.

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 recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. The Group's provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

(v) **Employee benefits**

The Group operates the following contribution and benefit schemes for its employees:

(i) **Defined Benefit gratuity scheme**

The company had defined benefit gratuity scheme with employees which is funded. Under this scheme a specified amount in accordance with gratuity scheme agreements is contributed by the company and charged to profit and loss account over the service life of the employee. This employee entitlement are calculated based on their actual salaries and fixed with EcoBank Plc.
The management has discontinue the scheme. No additional provisions were made during the year

(ii) **Defined contribution pension scheme**

In line with the provisions of the Nigerian Pension Reform Act, 2014, Chellarams Plc and its subsidiaries has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Company at the rate of 8% by employees and 10% by the Company of basic salary, transport and housing allowances invested outside the Company through Pension Fund Administrators (PFAs) of the employees choice.

The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees' service in the current and prior periods.

The matching contributions made by the Group to the relevant PFAs are recognised as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions. Liabilities in respect of the defined contribution scheme are charged against the profit of the period in which they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) **Short-term benefits**

Short term employee benefit obligations which include wages, salaries, bonuses and other allowances for current employees are measured on an undiscounted basis and recognised and expensed by Chellarams Plc in the income statement as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(w) **Income Taxes - Company income tax and deferred tax liabilities**

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

The tax currently payable is based on taxable results for the year. Taxable results differs from results as reported in the income statement because it includes not only items of income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible. The Group's liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(x) **Share capital and Share premium**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued is classified as ‘share premium’ in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

(y) **Dividend on ordinary shares**

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the shareholders. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

(z) **Retained earnings**

General reserve represents amount set aside out of profits of the Group which shall at the discretion of the directors be applied to meeting contingencies, repairs or maintenance of any works connected with the business of the Group, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Group may lawfully be applied.

(aa) **Contingent liability**

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability. The entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

(ab) **Related party transactions or insider dealings**

Related parties include the related companies, the directors, their close family members and any employee who is able to exert significant influence on the operating policies of the Group. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly, including any director (whether executive or otherwise) of that entity. The Group considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Where there is a related party transactions within the Group, the transactions are disclosed separately as to the type of relationship that exists within the Group and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

(ac) **Off Statement of financial position events**

Transactions that are not currently recognized as assets or liability in the statement of financial position but which nonetheless give rise to credit risks, contingencies and commitments are reported off statement of financial position. Such transactions include letters of credit, bonds and guarantees, indemnities, acceptances and trade related contingencies such as documentary credits. Outstanding unexpired commitments at the year-end in respect of these transactions are shown by way of note to the financial statements.

(ad) **Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of an interest bearing financial instrument and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cashflows (including all fees and points paid or received that form an integral part of the effective interest rate, translation costs and other premiums or discounts) through the expected life of the debt instruments, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(ae) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Chief Finance Officer (being the Chief Operating Decision Maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

6(a) **Determination of fair value**

A number of the Group's accounting policies and disclosures require the determination of fair value for the both financial and non-financial assets and liabilities. Fair values have been determined for measurement and /or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determing fair values is disclosed in the notes specific to that assets or liabilities. Significant valuation issues are reported to the Audit Committee.

i **Fair value hierarchy**

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

Level 1 : quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities values using models where all significant inputs are observable.
Level 3: valuation techniques using significant unobservable inputs:financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active , a valuation technique is used.

b **Financial risk management**

i **General**

Pursuant to a financial policy maintained by the Board of Directors, the Group uses several financial instruments in the ordinary course of business. The Group’s financial instruments are cash and cash equivalents, trade and other receivables, interest-bearing loans and bank overdrafts and trade and other payables.

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

- Credit risk
- Liquidity risk
- Market risk, consisting of: currency risk, interest rate risk and price risk

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from Group's receivables from customers. It is the Group's policy to assess the credit risk of new customers before entering into contracts.

The Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management.

The Management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are group according to their credit characteristics. customers that are group as "high risk" are placed on a restricted customer list, and future credit services are made only with approval of the Management, otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Group for business transactions.

The maximum credit risk as per statement of financial position,without taking into account the aforementioned financial risk coverage instruments and policy, consists of the book values of the financial assets as stated below:

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Trade receivables	447,781	348,894	73,486	148,616
Cash and cash equivalents	380,942	215,867	296,582	139,478
	828,723	564,761	370,068	288,094

As at the reporting date there was no concentration of credit risk with certain customers.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Group for business transactions.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity projections including available credit facilities are incorporated in the regular management information reviewed by Management. The focus of the liquidity review is on the net financing capacity, being free cash plus available credit facilities in relation to the financial liabilities. The following are the contractual maturities of financial liabilities:

As at 31 March 2018

	Book value	Contractual cashflow	One year or less	1-5 years
Borrowings	6,940,890	-	4,782,037	2,158,853
Trade and other payables	2,537,479	-	2,537,479	-
	9,478,369	-	7,319,516	2,158,853

As at 31 March 2017	Book value	Contractual cashflow	One year or less	1-5 years
Borrowings	8,177,361	-	5,637,139	2,540,222
Trade and other payables	2,158,049	-	2,158,049	-
	10,335,410	-	7,795,188	2,540,222

Market risk

Market risk concerns the risk that Group income or the value of investments in financial instruments is adversely affected by changes in market prices, such as exchange rates and interest rates. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

Foreign exchange risk

Most of the Group's transactions are carried out in Nigerian Naira (N). Exposures to currency exchange rates arise from the Group's overseas purchases of goods and raw materials, which are primarily denominated in US dollars (USD). To mitigate the Group's exposure to foreign currency risk, non-Naira cash flows are monitored and and the imports are being done by opening letters of credit backed by Naira in which the currrency is being purchase upfront. It also discontinued its US dollar denominated term loans and entered new term loan agreements denominated in Nigerian Naira.

Interest rate risk

The Group has fixed interest rate liabilities. In respect of controlling interest risks, the policy is that, in principle, interest rates for loans payable are primarily fixed for the entire maturity period. This is achieved by contracting loans that carry a fixed interest rate. The effective interest rates and the maturity term profiles of interest-bearing loans, deposits and cash and cash equivalents are stated below:

As at 31 March 2018	Effective interest rate	one year or less	1-5 years	Total
Cash and cash equivalents	-	296,582	-	296,582
Borrowings	-	(4,782,037)	(2,158,853)	(6,940,890)
	-	(4,485,455)	(2,158,853)	(6,644,308)

Fair Value

(ii) Financial instruments accounted for under assets and liabilities are cash and cash equivalents, receivables, and current and non-current liabilities. The fair value of most of the financial instruments does not differ materialy from the book value.

Capital management

The Board of Director's policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Directors monitors the debt to capital ratio. The Board of Directors also monitors the level of dividend to be paid to holders of ordinary shares. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

The debt-to-adjusted-capital ratio at 31 March 2018 and at 31 March 2017 were as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Trade and other payables	2,537,479	2,158,049	1,732,854	1,681,962
Borrowings	6,940,890	9,361,902	5,936,759	8,715,436
Less: cash and cash equivalents	(380,942)	(215,867)	(296,582)	(139,478)
Net debt	9,097,427	11,304,084	7,373,031	10,257,920
Total equity	3,405,537	1,765,230	3,740,781	1,854,828
Debt to adjusted capital ratio (%)	267%	640%	197%	553%

The Company engages in trading and distribution of fast moving consumer goods, ingredients and consumer durables and industrial chemicals. The Company also carries out its business at 5 geographical locations in Nigeria. Analysis of sales for the year are as follows:

7 **Revenue**	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
	N'000	**N'000**	**N'000**	**N'000**
FMCG	1,326,432	3,840,876	997,921	3,840,876
Industrial chemicals	2,449,206	2,728,452	2,449,206	2,728,452
Ingredients	1,399,970	692,789	1,399,970	692,789
Cycles	76	204,340	76	204,340
Machinery	2,287,033	1,110,955	-	-
Plastic film	1,270,268	3,822,990	-	-
	8,732,985	12,400,402	4,847,173	7,466,457

(a) **Segment Reporting**

The Executive Management Team is the Company's Chief Operating Decision Maker. The Management reviews the performance of both business and geographical segments periodically.

(b) **Geographical Segmental Revenue and Operating Profit for the year ended 31 March 2018-Group**

	Kaduna	**Kano**	**Port Harcourt**	**Onitsha**	**Lagos/Head Office**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Segmental Revenue	255,509	556,157	40,828	760,613	7,119,878	8,732,985
Cost of Sales	(233,208)	(523,386)	(46,229)	(700,961)	(5,412,250)	(6,916,034)
Gross Profit	**22,301**	**32,771**	**(5,401)**	**59,652**	**1,707,628**	**1,816,951**
Selling and Distribution Expenses	(139)	(36)	(63)	(161)	(83,758)	(84,157)
Administrative Expenses	(31,421)	(19,165)	(22,786)	(19,514)	(4,295,731)	(4,388,617)
Other Operating Income	419				878,152	878,571
Profit from Operating Activities	**(8,840)**	**13,570**	**(28,250)**	**39,977**	**(1,793,709)**	**(1,777,252)**
Finance Expenses	(13)	(7)	(43)	(8)	(599,478)	(599,549)
Fair value loss on investment in associates					(18,918)	(18,918)
Gain disposal of investments in equity					2,665,623	2,665,623
Profit before Tax	**(8,853)**	**13,563**	**(28,293)**	**39,969**	**253,518**	**269,904**

(c) **Business line Segmental Revenue and Operating Profit for the year ended 31 March 2018-Group**

	Industrial Chemical	**FMCG**	**Ingredients**	**Cycles**	**Plastic film**	**Machinery**	**Head Office**	**Total**
Segmental Revenue	2,449,206	1,326,432	1,399,970	76	2,287,033	1,270,268	-	8,732,985
Cost of Sales	(1,926,631)	(761,829)	(1,252,832)	(257)	(2,060,669)	(913,816)	-	(6,916,034)
Gross profit	**522,575**	**564,603**	**147,138**	**(181)**	**226,364**	**356,452**	**-**	1,816,951
Selling and Distribution Expenses	(3,769)	(27,529)	(2,727)	-	(6,469)	(43,662)	-	(84,156)
Administrative Expenses	-	(929,864)	-	-	(111,203)	(176,845)	(3,170,706)	(4,388,618)
Other Operating Income	-	-	-	-	-	1,325	877,246	878,571
Profit/(Loss) from Operating Activities	**518,806**	**(392,790)**	**144,411**	**(181)**	**108,692**	**137,270**	**(2,293,460)**	**(1,777,252)**
Finance Expenses	-	(7,250)	-	-	(114,291)	(39,168)	(438,840)	(599,549)
Fair value loss on investment in associates	-	-	-	-	-	-	(18,918)	(18,918)
Gain disposal of investments in equity	-	-	-	-	-	-	2,665,623	2,665,623
Profit before Tax	518,806	(400,040)	144,411	(181)	(5,599)	98,102	(85,595)	269,904

(d) **Geographical Segmental Revenue and Operating Profit for the year ended 31 March 2018-Company**

	Kaduna N'000	Kano N'000	Port Harcourt N'000	Onitsha N'000	Lagos/Head Office N'000	Total N'000
Segmental Revenue	255,509	556,157	40,828	760,613	3,234,066	4,847,173
Cost of Sales	(233,208)	(523,386)	(46,229)	(700,961)	(2,553,827)	(4,057,611)
Gross Profit	**22,301**	**32,771**	**(5,401)**	**59,652**	**680,239**	**789,562**
Selling and Distribution Expenses	(139)	(36)	(63)	(161)	(7,622)	(8,020)
Administrative Expenses	(31,421)	(19,165)	(22,786)	(19,514)	(3,073,305)	(3,166,191)
Other Operating Income	419				873,685	874,104
Profit from Operating Activities	**(8,840)**	**-**	**-**	**39,978**	**(1,527,003)**	**(1,510,546)**
Finance costs	(13)	(7)	(43)	(8)	(438,769)	(438,840)
Fair value loss on investment in associates	-	-	-	-	(243,328)	(243,328)
Gain disposal of investments in equity	-	-	-	-	2,665,623	2,665,623
Profit before Tax	**(8,853)**	**(7)**	**(43)**	**39,970**	**456,523**	**472,909**

(e) **Business line Segmental Revenue and Operating Profit for the year ended 31 March 2018-Company**

	Industrial Chemicals N'000	FMCG N'000	Ingredients N'000	Cycles N'000	Head Office N'000	Total N'000
Segmental Revenue	2,449,206	997,921	1,399,970	76	-	4,847,173
Cost of Sales	(1,926,631)	(761,829)	(1,368,894)	(257)	-	(4,057,611)
Gross Profit	**522,575**	**236,092**	**31,076**	**(181)**	**-**	789,562
Selling and Distribution Expenses	(3,769)	(1,524)	(2,727)	-		(8,020)
Administrative Expenses	-	-	-	-	(3,166,192)	(3,166,192)
Other Operating Income	-	-	-	-	874,104	874,104
Profit/(Loss) from Operating Activities	**518,806**	**234,568**	**28,349**	**(181)**	**(2,292,088)**	**(1,510,546)**
Finance Expenses	-	-	-	-	(438,840)	(438,840)
Fair value loss on investment in associates	-	-	-	-	(243,328)	(243,328)
Gain disposal of investments in equity					2,665,623	2,665,623
Profit before Tax	518,806	234,568	28,349	(181)	(2,974,256)	472,909

(f) **Geographical Segmental Revenue and Operating Profit for the year ended 31 March 2017-Group**

	Kaduna N'000	Kano N'000	Port Harcourt N'000	Onitsha N'000	Lagos/Head Office N'000	Total N'000
Segmental Revenue	724,341	1,360,103	798,431	1,292,731	8,224,796	12,400,402
Cost of Sales	(542,232)	(1,067,063)	(647,820)	(1,026,432)	(5,762,930)	(9,046,477)
Gross Profit	**182,109**	**293,040**	**150,611**	**266,299**	**2,461,866**	**3,353,925**
Selling and Distribution Expenses	(882)	(185)	(217)	(617)	(76,418)	(78,319)
Administrative Expenses	(76,279)	(38,247)	(58,281)	(45,878)	(1,536,216)	(1,754,901)
Other Operating Income	-	-	-	-	96,838	96,838
Profit from Operating Activities	**104,948**	**254,608**	**92,113**	**219,804**	**946,069**	**1,617,543**
Finance Expenses	(55,910)	(46,166)	(28,522)	(46,077)	(773,731)	(950,406)
Fair value gains on investment properties	-	-	-	-	120,000	120,000
Share of loss from associates	-	-	-	-	(112,977)	(112,977)
Fair value loss on investment in associates	-	-	-	-	(106,422)	(106,422)
Profit before Tax	49,038	208,442	63,591	173,727	72,939	**567,738**

(g) **Business line Segmental Revenue and Operating Profit for the year ended 31 March 2017-Group**

	Industrial Chemical	FMCG	Ingredients	Cycles	Plastic film	Machinery	Head Office	Total
Segmental Revenue	2,728,452	3,840,876	692,789	204,340	3,822,990	1,110,955	-	12,400,402
Cost of Sales	(1,672,425)	(2,670,697)	(488,737)	(154,433)	(3,236,795)	(823,390)	-	(9,046,477)
Gross Profit	**1,056,027**	**1,170,179**	**204,052**	**49,907**	**586,195**	**287,565**	**-**	3,353,925
Selling and Distribution Expenses	(11,093)	(17,662)	(2,817)	(831)	(3,910)	(42,006)	-	(78,319)
Administrative Expenses	-	-	-	-	(142,673)	(158,628)	(1,453,601)	(1,754,902)
Other Operating Income	-	-	-	-	-	813	96,025	96,838
Profit/(Loss) from Operating Activities	**1,044,934**	**1,152,517**	**201,235**	**49,076**	**439,612**	**87,744**	**(1,357,576)**	**1,617,543**
Finance cost	-	-	-	-	(191,165)	(73,136)	(686,105)	(950,406)
Fair value gains on investment properties	-	-	-	-	-	-	120,000	120,000
Share of loss from associates	-	-	-	-	-	-	(112,977)	(112,977)
	-	-	-	-	-	-	(106,422)	(106,422)
Profit/(loss) before tax	1,044,934	1,152,517	201,235	49,076	248,447	14,608	(2,143,080)	567,738

(h) **Geographical Segmental Revenue and Operating Profit for the year ended 31 March 2017-Company**

	Kaduna	Kano	Port Harcourt	Onitsha	Lagos/Head Office	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Segmental Revenue	724,341	1,360,103	798,431	1,292,731	3,290,851	7,466,457
Cost of Sales	(542,232)	(1,067,063)	(647,820)	(1,026,432)	(1,702,746)	(4,986,293)
Gross Profit	**182,109**	**293,040**	**150,611**	**266,299**	**1,588,105**	**2,480,164**
Selling and Distribution Expenses	(882)	(185)	(217)	(617)	(30,502)	(32,403)
Administrative Expenses	(76,279)	(38,247)	(58,281)	(45,878)	(1,370,540)	(1,589,225)
Other Operating Income	-			-	159,881	159,881
Profit from Operating Activities	**104,948**	**254,608**	**92,113**	**219,804**	**346,944**	**1,018,417**
Finance Expenses	(55,910)	(46,166)	(28,522)	(46,077)	(509,430)	(686,105)
Fair value gains on investment properties	-	-	-	-	-	120,000
Fair value loss on investment in associates	-	-	-	-	-	(106,422)
Profit before Tax	**-**	**-**	**-**	**-**	**-**	**345,890**

(i) **Business line Segmental Revenue and Operating Profit for the year ended 31 March 2017-Company**

	Industrial Chemicals	FMCG	Ingredients	Cycles	Head Office	Total
Segmental Revenue	2,728,452	3,840,876	692,789	204,340	-	7,466,457
Cost of Sales	(1,672,426)	(2,670,697)	(488,737)	(154,433)	-	(4,986,293)
Gross Profit	**1,056,026**	**1,170,179**	**204,052**	**49,907**	**-**	2,480,163
Selling and Distribution Expenses	(11,093)	(17,662)	(2,817)	(831)	-	(32,403)
Administrative Expenses	-	-	-	-	(1,589,225)	(1,589,225)
Other Operating Income	-	-	-	-	159,881	159,881
Profit/(Loss) from Operating Activities	**1,044,933**	**1,152,516**	**201,236**	**49,076**	**(1,429,344)**	**1,018,417**
Finance Expenses	-	-	-	-	(686,105)	(686,105)
Fair value gains on investment properties	-	-	-	-	120,000	120,000
Fair value loss on investment in associates	-	-	-	-	(106,422)	(106,422)
Profit/(loss) before Tax	1,044,933	1,152,516	201,236	49,076	(2,101,871)	345,890

		GROUP		COMPANY	
		N'000	N'000	N'000	N'000
8	**Cost of sales**	**2018**	**2017**	**2018**	**2017**
	Opening inventory	1,928,333	1,862,166	1,366,091	1,029,723
	Purchases	7,026,011	9,112,644	2,885,570	5,322,661
		8,954,344	10,974,810	4,251,661	6,352,384
	Closing inventory	(2,036,425)	(1,928,333)	(194,050)	(1,366,091)
		6,917,919	9,046,477	4,057,611	4,986,293
9	**Other operating income**	**N'000**	**N'000**	**N'000**	**N'000**
	Profit on disposal of property, plant and equipment	237,439	-	237,439	-
	Rental income	544,182	57,924	544,182	108,799
	Management fees	8,698	12,000	8,698	24,981
	Insurance income	2,829	1,952	2,454	1,952
	Sundry income	53,331	21,099	51,867	20,286
	Bad debt recovered	23,609	-	23,609	-
	Provision no longer required on other receivables	5,785	-	5,785	-
	Shortage recovery	70	3,863	70	3,863
		875,943	96,838	874,104	159,881
10	**Selling and distribution expenses**				
		N'000	**N'000**	**N'000**	**N'000**
	Sales expenses	54,997	33,329	4,089	8,996
	Miscellaneous selling expenses	10,927	11,212	400	841
	Advertising and sales promotion	18,232	33,778	3,531	22,566
		84,157	78,319	8,020	32,403
11	**Administrative expenses**	**N'000**	**N'000**	**N'000**	**N'000**
	Depreciation of property, plant and equipment	142,151	171,886	132,901	161,054
	Repairs and maintenance	88,432	108,412	55,208	91,190
	Salaries and wages	724,169	793,929	385,519	703,840
	Legal and professional fees	156,725	35,680	16,981	21,965
	Audit fees	11,000	9,200	6,000	6,000
	Travelling expenses	128,256	122,217	83,270	106,096
	Post employment expenses	6,828	3,987	6,829	3,987
	Rent, rates and utilities	219,307	70,715	52,181	167,042
	Warehouse rent	278,145	-	-	-
	Gas and electricity expenses	84,455	72,443	74,294	44,243
	Insurance	49,975	50,941	24,861	38,506
	Bank charges	4,615	11,686	4,045	6,683
	Vehicles expenses	63,863	39,836	36,392	39,836
	Communication,printing and stationery	43,231	45,308	21,088	37,138
	Directors' emoluments	30,163	20,803	17,700	13,350
	Donations and subscriptions	24,909	22,232	8,286	15,030
	Medical and staff welfare	20,195	26,643	8,778	18,068
	Impairment charge (Note11 (a))	2,174,076	29,815	2,144,600	10,388
	Exchange loss (Note 11(b))	-	15,127	-	15,127
	Security expenses	21,058	19,385	17,189	19,385
	Immigration expenses	16,441	12,807	12,350	12,807
	Sanitation/Cleaning Expenses	27,617	11,326	21,835	11,326
	Loss on disposal of property, plant and equipments	-	9,005	-	9,005
	Loss on property plant and equipment written off	5,378	-	-	-
	Bad debts written off	3,027	12,676	-	-
	Annual general expenses	12,162		12,162	-
	Others	47,926	38,843	23,724	37,159
		4,384,104	1,754,902	3,166,192	1,589,225

		GROUP		COMPANY	
		2018	2017	2018	2017
(a)	**Impairment charges**	N'000	N'000	N'000	N'000
	Trade receivables (note 22(c)	47,476	21,922	18,000	2,495
	Other receivables (note 22(g)	14,205	7,893	14,205	7,893
	Receivable from associates Companies(note 22 (f)	2,112,395	-	2,112,395	-
		2,174,076	29,815	2,144,600	10,388
(b)	**Exchange gain**	N'000	N'000	N'000	N'000
	Exchange gain	-	(618,904)	-	(618,904)
	Exchange loss	-	15,127	-	15,127
	Net exchange gains	-	(603,777)	-	(603,777)
	Cost of sales	-	(618,904)	-	(618,904)
	Domiciliary account	-	15,127	-	15,127
		-	(603,777)	-	(603,777)
(c)	**Net share of loss of associates**	N'000	N'000	N'000	N'000
	Isolo Power Gen. Limited	-	(22,832)	-	-
	Chellco Industries Limited	-	(99,964)	-	-
	African Tourism Corporate Travel Limited	-	9,819	-	-
		-	(112,977)	-	-
12	**Finance income and costs**	N'000	N'000	N'000	N'000
(i)	Finance income	-	-	-	-
(ii)	Finance costs:	N'000	N'000	N'000	N'000
	Interest on bank term loans and facilities	570,620	878,026	409,911	617,459
	Bond interest and charges	27,933	66,174	27,933	66,174
	Lease rentals	996	6,206	996	2,472
		599,549	950,406	438,840	686,105
13	**Profit for the year is arrived at after charging:**	N'000	N'000	N'000	N'000
	Depreciation of property, plant and equipment	210,428	243,590	132,901	161,054
	Profit on disposal of property, plant and equipment	237,439	-	237,439	-
	Auditors remuneration	11,000	9,200	6,000	6,000
	Directors' remuneration and fees	30,163	20,803	17,700	13,350
	Loss on foreign exchange	-	15,127	-	15,127
	Interest on loans and overdrafts	599,549	950,406	438,840	686,105
14	**Tax expense**	N'000	N'000	N'000	N'000
(a)	**Per profit and loss account**				
	Income tax payable on results for the year:				
	Income tax	42,815	33,975	-	-
	Education tax	5,180	20,662	1,211	11,858
	Capital gain tax	23,052	-	23,052	-
		71,047	54,637	24,263	11,858
	Deferred tax	(1,854)	179,046	-	140,234
		69,193	233,683	24,263	152,092

(b) Per statement of financial position	GROUP		COMPANY	
	2018	2017	2018	2017
Balance at 1 April	N'000	N'000	N'000	N'000
Income tax	33,975	89,189	-	43,285
Education tax	20,662	15,328	11,858	10,181
	54,637	104,517	11,858	53,466
Payments during the year:				
Income tax	(42,779)	(89,189)	-	(43,285)
Education tax	(10,218)	(15,328)	(10,218)	(10,181)
Provision for the year:				
Income tax	42,815	33,975	-	-
Education tax	5,180	20,662	1,211	11,858
Capital gain tax	23,052	-	23,052	-
Balance at 31 March	72,687	54,637	25,903	11,858

(c) ***Income tax recognised in profit or loss***

Company income tax is calculated at 30% of the estimated taxable profit for the year based on the provisions of the Company Income Tax Act, CAP C21 LFN, 2004.

Education tax is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004 which is 2% of the assessable profit for the year.

The income tax expense for the year can be reconciled to the accounting profit as per the statement of comprehensive income as follows:

	N'000	N'000	N'000	N'000
Profit before tax	269,904	567,738	472,909	345,890
Tax at the statutory corporation tax rate of 30%	80,971	170,321	141,873	103,767
Effect of income that is exempt from taxation	(840,083)	(139,252)	(880,473)	(36,768)
Effect of expenses that are not deductable in determining taxable profit	818,962	148,430	756,766	86,234
Loss unrelieved	(18,889)	(156,725)	(18,889)	(156,725)
Education tax at 2% of assessable profit	5,180	19,020	1,211	10,216
Balancing charge	-	5,134	724	5,134
Deferred tax provision	-	179,046	-	140,234
Minimum tax charged	-	7,709	-	-
Capital gain tax	23,052	-	23,052	-
Tax expense recognised in profit or loss	69,193	233,683	24,263	152,092
Effective rate	26%	41%	5%	44%

The tax rate used for 2017 and 2018 reconciliation above is the corporate tax rate of 30% and 2% for tertiary education tax payable by corporate entities in Nigeria on taxable profits under tax law in the country, for the year ended 31 March 2018. The charge for taxation in these financial statements is based on the provisions of the Company Income Tax Act, CAP C21 LFN, 2004.

The charge for education tax is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004 which is 2% of the assessable profit for the year.

(d) **Deferred taxation**

Movement in deferred tax	GROUP		COMPANY	
	2018	2017	2018	2017
Deferred tax liabilities	N'000	N'000	N'000	N'000
At 1 April	4,506	14,606	-	-
Write off against deffered tax assets	-	(10,100)	-	-
Charge in the year recognised in profit or loss	(1,854)	-	-	-
Deferred tax on revaluation surplus	159,701		159,701	-
At 31 March	162,353	4,506	159,701	-
Deferred tax assets	N'000	N'000	N'000	N'000
At 1 April	(30,731)	(219,877)	(69,480)	(209,714)
Charge in the year recognised in profit or loss	-	179,046		140,234
Deferred tax written off	-	10,100	-	-
At 31 March	(30,731)	(30,731)	(69,480)	(69,480)
Net deferred tax liabilities	131,622	(26,225)	90,221	(69,480)

15 **Property, plant and equipment - Group**

15(a)

Cost/valuation	Leasehold lands	Buildings	Furniture,fittings & tools	Motor vehicles	Assets under lease	Plant & machinery	Office equipment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 April 2016	1,562,328	1,607,656	216,287	251,674	173,921	1,919,881	175,931	5,907,678
Additions	90	6,942	2,462	11,755	7,200	9,019	11,518	48,986
Disposals	-	-	-	(14,602)	-	(23,739)	-	(38,341)
At 31 March 2017	1,562,418	1,614,598	218,749	248,827	181,121	1,905,161	187,449	5,918,323
At 1 April 2017	1,562,418	1,614,598	218,749	248,827	181,121	1,905,161	187,449	5,918,323
Additions	-	4,148	2,822	345	-	9,719	1,646	18,680
Disposals	(287,918)	-	-	(28,943)	-	(4,820)	-	(321,681)
Revaluation Surplus	885,500	711,508	-	-	-	-	-	1,597,008
Write off	-	(18,040)	-	-	-	-	-	(18,040)
Write back of depreciation on revaluation	-	(181,915)	-	-	-	-	-	(181,915)
At 31 March 2018	2,160,000	2,130,299	221,571	220,229	181,121	1,910,060	189,095	7,012,375
Accumulated depreciation and impairment								
At 1 April 2016	-	129,181	194,362	245,952	115,244	1,050,332	161,713	1,896,784
Charge for the year	-	28,520	11,891	5,679	31,739	158,103	7,658	243,590
On disposals	-	-	-	(14,602)	-	(11,843)	-	(26,445)
At 31 March 2017	-	157,701	206,253	237,029	146,983	1,196,592	169,371	2,113,929
At 1 April 2017	-	157,701	206,253	237,029	146,983	1,196,592	169,371	2,113,929
Charge for the year	-	29,934	9,167	3,339	19,508	146,069	2,411	210,428
Disposals	-	-	-	(28,943)	-	(4,150)	-	(33,093)
On write off		(5,720)	-	-	-	-	-	(5,720)
Write back of depreciation on revaluation	-	(181,915)	-	-	-	-	-	(181,915)
At 31 March 2018	-	-	215,420	211,425	166,491	1,338,511	171,782	2,103,629
Carrying amount as at								
31 March 2018	2,160,000	2,130,299	6,151	8,804	14,630	571,549	17,313	4,908,746
31 March 2017	1,562,418	1,456,897	12,496	11,798	34,138	708,569	18,078	3,804,394

The depreciation charged is included in the income statemens as detailed below:

	2018	2017
	N'000	**N'000**
Cost of sales	68,277	71,704
Administrative expenses	142,151	171,886
	210,428	243,590

15(b) **Property, plant and equipment - Company**

Cost/valuation	Leasehold lands	Buildings	Furniture & fittings	Motor vehicles	Assets under lease	Plant & machinery	Office equipment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 April 2016	1,562,328	1,596,559	193,286	188,236	173,921	1,082,046	139,260	4,935,636
Additions	90	6,942	2,167	-	7,200	9,019	2,951	28,369
Disposals	-	-	-	(5,215)	-	(23,739)	-	(28,954)
At 31 March 2017	1,562,418	1,603,501	195,453	183,021	181,121	1,067,326	142,211	4,935,051
At 1 April 2017	1,562,418	1,603,501	195,453	183,021	181,121	1,067,326	142,211	4,935,051
Additions	-	4,148	2,417.00	-	-	8,781	546	15,892
Disposals	(287,918)		-	(20,373)	-	(3,620)	-	(311,911)
Revaluation surplus	885,500	711,508	-	-	-	-	-	1,597,008
Write off	-	(6,943)	-	-	-	-	-	(6,943)
Write back of depreciation on revaluation	-	(181,915)	-	-	-	-	-	(181,915)
At 31 March 2018	2,160,000	2,130,299	197,870	162,648	181,121	1,072,487	142,757	6,047,182
Accumulated depreciation and impairment								
At 1 April 2016	-	124,571	180,183	188,236	115,244	748,222	135,801	1,492,257
Charge for the year	-	27,965	9,610	-	31,739	86,626	5,114	161,054
On disposals	-	-	-	(5,215)	-	(11,843)	-	(17,058)
At 31 March 2017	-	152,536	189,793	183,021	146,983	823,005	140,915	1,636,253
At 1 April 2017	-	152,536	189,793	183,021	146,983	823,005	140,915	1,636,253
Charge for the year	-	29,379	6,946	-	19,508	76,842	226	132,901
On disposal	-	-	-	(20,373)	-	(2,950)	-	(23,323)
Write back of depreciation on revaluation	-	(181,915)	-	-	-	-	-	(181,915)
At 31 March 2018	-	-	196,739	162,648	166,491	896,897	141,141	1,563,916
Carrying amount as at								
31 March 2018	2,160,000	2,130,299	1,131	-	14,630	175,590	1,616	4,483,266
31 March 2017	1,562,418	1,450,965	5,660	-	34,138	244,321	1,296	3,298,798

(c)

Land and buildings of the Company were revalued on 27 January 2013 by Messrs Jide Taiwo and Co. Estate Surveyors and valuers. Open market value of the land and buildings was put at N2,637,700,000 (Land : N1,224,500,000 and buiding N1,413,200,000). The surplus arising from the revaluation was credited to the revaluation reserve. Subsequent additions are stated at cost. None of the Company's assets were pledged as security in the year.

The Company's Land and building located at plot 22 Jafaru Road, by Gaskiya Textiles, Bompai Industria Estate, Kano and the Company Land and Building loacted at 110/114, Oshodi Apapa Express Way, Isolo, Lagos, were revalued on 31 March 2018 by Biodun Olapade and Co. Estate Surveyors and valuers with FRC No FRC/2013/NIESV/00000004303. Open market value of the land and buildings was put at N1,260,000,000 and N2,130,299,000 respectively. The surplus arising from the revaluation was credited to the revaluation reserve.

(d) **Contractual commitments**

There is no other contractual commitments for the purchase of items of property, plant and equipment that has not been accounted for.

(e) **Assets pledged as security**

The Company held some motor vehicles under a finance lease arrangement. As at 31 March 2018, the net carrying amount of the motor vehicles is N14,630,000 (2017: N34,138,000)

16 Intangible assets	GROUP		COMPANY	
	2018	2017	2018	2017
Cost	N'000	N'000	N'000	N'000
At 1 April 2017	26,728	26,728	26,728	26,728
Additions	-	-	-	-
At 31 March	**26,728**	**26,728**	**26,728**	**26,728**
Amortisation				
At 1 April 2017	26,728	26,728	26,728	26,728
Charge for the year	-	-	-	-
At 31 March	**26,728**	**26,728**	**26,728**	**26,728**
Carrying amount				
At 31 March 2018	-	-	-	-
At 31 March 2017	-	-	-	-

17 Investment property	N'000	N'000	N'000	N'000
At 1 April 2017	1,100,000	980,000	1,100,000	980,000
Additions	-	120,000	-	120,000
At 31 March	1,100,000	1,100,000	1,100,000	1,100,000

(a) The Company's investment property is located at 36 Cameron Road, Ikoyi, Lagos.

(b) **Restrictions and obligations**

At 31 March 2018, there were no restrictions on the realisability of investment property and on the remittance of income and proceeds of disposal (2017: Nil). At 31 March 2018, there were no contractual obligations to purchase investment property (2017: Nil)

(c) **Fair value measurement**

The fair value of investment property is categorised as a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	N'000	N'000	N'000	N'000
At 1 April 2017	1,100,000	980,000	1,100,000	980,000
Fair value gain		120,000	-	120,000
At 31 March	1,100,000	1,100,000	1,100,000	1,100,000

(d) The property was initially revalued on the 28 March 2008 by Messrs. Jide Taiwo & Co. (Estate Surveyors and Valuers) and the open market value was placed at N984,600,000. The asset was subsequently revalued by Jide Taiwo and Co. on 27 January 2013 and the open market value was put at N953,000,000. Fair valuation of the property as at the year end was taken to be N980,000,000 based on the valuation done by Jide Taiwo and Co. on 29 March 2015. The fair value of the property as at 31 March 2017 is N1,100,000,000 as revalued by Biodun Olapade an Estate Surveyors and Valuers with FRC No FRC/2013/NIESV/00000004303 and the effect of the fair value gain has been considered in the account. The fair value of the property based on the Biodun Olapade an Estate Surveyors and Valuers with FRC No. FRC/2013/NIESV/0000000040303 valuation report remain the same as previous year.

18 **Investment in related companies**

	GROUP		COMPANY	
	2018	2017	2018	2017
Investment in subsidiaries	N'000	N'000	N'000	N'000
Dynamic Industries Limited	-	-	70,277	70,277
United Technical and Allied Services Limited	-	-	10,000	10,000
Chellarams DMK Limited	-	-	6,519	1,000
	-	-	86,796	81,277

18.1 **Movement in investment in chellaram DMK**

	N'000	N'000	N'000	N'000
Balance brought forward	-	-	1,000	-
Addition	-	-	7,809	1,000
Disposal	-	-	(2,290)	-
Balance carried forward	-	-	6,519	1,000

The board of directors of the Company at the board meeting held on 2 June 2017 approved the transfer of 2,290,365 units representing 26% of the share of Company in Chellaram DMK to Deutsches Milchkontor GmbH (DMK) Ltd in consideration of payment of EUR6,500,000 (Six Million, Five Hundred Thousand Euro) equivalent to N2,628,763,234.

(a) **Composition of the Group**

Name of the Subsidiary	Country of incorporation and principal place of business	Principal Activities	Proportion of ownership Interest held by the Group 2018	2017
Dynamic Industries Limited	Nigeria	Manufacturing of plastic film	77.71%	77.71%
United Technical and Allied Services Limited	Nigeria	Sales and servicing of Compressors, generators and material handling solutions.	100%	100%
Chellarams DMK			74%	100%

Summary of financial performance, assets and liabilities

As at 31 March 2018	Dynamic Industries Limited	United Technical and Allied Services Limited	Chellarams DMK LIMITED
	N'000	N'000	N'000
Revenue	2,287,033	1,270,268	2,630,600
Cost of sales	(2,060,669)	(913,816)	(2,187,913)
Gross profit	226,364	356,452	442,687
Other operating income	-	1,325	513
Selling and distribution expenses	(6,469)	(43,662)	(26,005)
Administrative expenses	(111,203)	(176,845)	(924,487)
Profit from operating activities	108,692	137,270	(507,292)
Net finance costs	(114,291)	(39,168)	(7,250)
(Loss)/profit before taxation	(5,599)	98,102	(514,542)
Taxation	(3,997)	(40,932)	-
(Loss)/profit after tax for the year	(9,596)	57,170	(514,542)
Profit allocated to NCI	(2,139)	-	(114,691)
Other comprehensive income allocated to NCI	-	-	-
Total comprehensive income allocated to NCI	(2,139)	-	(114,691)
Cash flows from operating activities	331,014	126,268	(168,353)
Cash flows from investing activities	-1,046	338	(755)
Cash flows from financing activities	-114,291	-	1,559
Net cash inflow	215,677	126,606	(167,549)
As at 31 March 2018			
Total assets	1,040,593	609,813	1,605,398
Total liabilities	1,009,528	231,784	2,111,131
Equity	31,065	378,028	(505,733)
Percentage holding	77.71%	100%	74%

As at 31 March 2017

	Dynamic Industries Limited	United Technical and Allied Services	Chellarams DMK LIMITED
	N'000	N'000	N'000
Revenue	3,822,990	1,110,955	-
Cost of sales	(3,236,795)	(751,684)	-
Gross profit	586,195	359,271	-
Other operating income	-	813	-
Selling and distribution expenses	(20,965)	(42,006)	-
Administrative expenses	(128,177)	(158,628)	-
Profit from operating activities	437,053	159,450	-
Net finance costs	(188,543)	(73,136)	-
Profit before taxation	248,510	86,314	-
Taxation	-	-	-
Profit for the year	248,510	86,314	-
Loss allocated to NCI	55,393	-	-
Other comprehensive income allocated to NCI	-	-	-
Total comprehensive income allocated to NCI	55,393	-	-
Cash flows from operating activities	404,354	57,960	20
Cash flows from investing activities	396,640	(11,495)	-
Cash flows from financing activities	(188,543)	-	1,000
Net cash inflows	**612,451**	**46,465**	**1,020**

As at 31 March 2017

Total assets	1,172,487	824,612	1,656
Total liabilities	(1,328,016)	(560,891)	656
Equity	(155,529)	263,721	1,000
Percentage of holding	77.71%	100%	100%

(b) **Loss of control over a subsidiary during the year**

The Group did not lose any control of any subsidiary during 2018 and 2017.

(c) **Interest in unconsolidated structured entities**

The Group has no interests in unconsolidated structured entities

	GROUP		COMPANY	
	2018	2017	2018	2017
(d) **Investment in associated companies**	N'000	N'000	N'000	N'000
Chellerams Retail Limited	60,000	60,000	60,000	60,000
Devyani International Nigeria Limited	106,250	106,250	106,250	106,250
Chellagric Limited	4,450	4,450	4,450	4,450
Isolo Power Gen. Limited	148,300	148,300	148,300	148,300
Chelltek Industries Limited	10,000	10,000	10,000	10,000
Chellco Industries Limited	137,000	137,000	137,000	137,000
African Tourism Corporate Travel Limited Note (g)	-	23,140	-	23,140
	466,000	489,140	466,000	489,140
Impairment allowance for value of investment (Note 18(f	(466,000)	(222,672)	(466,000)	(222,672)
Share of loss of associate companies (Note 18(e))	-	(224,410)	-	-
Net investment accounted for using equity method	-	42,058	-	266,468

		GROUP		COMPANY	
(e)	**Movement in share of associate loss**	**2018**	**2017**	**2018**	**2017**
	Balance brought forward	(224,410)	(111,433)	-	-
	Write back of share of associate accumulated loss on impaired investment	224,410	-	-	-
	Share of loss for the year (Note 11(c))	-	(112,977)	-	-
	Balance carries forward	-	(224,410)	-	-

(f)	**Movement of impairment allowance**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance brought forward	222,672	116,250	222,672	116,250
	Impairment losses for the year	243,328	106,422	243,328	106,422
		466,000	222,672	466,000	222,672

	Net impairment loss for the year	**N'000**	**N'000**	**N'000**	**N'000**
	Impairment losses for the year	243,328	106,422	243,328	106,422
	Write back of accummulated impairment loss	(224,410)	-	-	-
		18,918	106,422	243,328	106,422

(g) At the Board of Directors meeting of the company held on 20th July 2017 it was resolved that the company investments in African Tourism Corporate Limited comprising of N14,700,000 units of ordinary share be sold and or transferred to the Tourvest Holding (PTY) Limited in consideration of the agreed sum of N95,870,048.(Ninety Five Million, Eight Hundred and Seventy Thousand and Fourty Eight Naira). Movement in the investment in African Tourism Corporation Limited are as detailed beolw:

Movement in investment in African tourism

	N'000	**N'000**	**N'000**	**N'000**
Balance brought forward	-	-	23,140	23,140
Disposed during the year	-	-	(23,140)	-
Balance carries forward	-	-	-	23,140

(h)	**Analysis of profit on disposal of investments**	**N'000**	**N'000**	**N'000**	**N'000**
	Profit on disposal part disposal of investment in Chellaram DMK	2,628,763	-	2,628,763	-
	Profit on disposal of investment in African Toursim Corporate Limited	36,860	-	36,860	-
		2,665,623	-	2,665,623	-

The above profit was realised from the part disposal of company's investment in Chellaram DMK Limited and entire investment in African Toursim Corporate Limited

19	**Financial assets held to maturity**	**N'000**	**N'000**	**N'000**	**N'000**
	12% Cumulative redeemable preference share	-	-	148,019	148,019

This represents the company's investment of 12% cumulative redeemable preference shares of N2.00 per share in Dynamic Industries

21	**Inventory**	**N'000**	**N'000**	**N'000**	**N'000**
	Items in trade	1,884,958	1,903,001	194,050	1,345,498
	Work in progress	7,034	4,739	-	-
	Consumables	144,433	-	-	-
	Allowance for obsolescence	-	(6,337)	-	(6,337)
		2,036,425	1,901,403	194,050	1,339,161
	Goods in transit	-	26,930	-	26,930
		2,036,425	1,928,333	194,050	1,366,091

a) Inventory with a value of N2,036,425,000 (2017:N1,928,333,000) is carried at lower of cost and net realisable value.

		GROUP		COMPANY	
b)	**Movement in allowance for obsolescence**	**2018**	**2017**	**2018**	**2017**
		N'000	**N'000**	**N'000**	**N'000**
	Balance at beginning of the year	6,337	27,752	6,337	27,752
	Write off during the year	(6,337)	(27,752)	(6,337)	(27,752)
	Obsolescence provision	-	6,337	-	6,337
	Balance at the end of the year	-	6,337	-	6,337
22(a)	**Trade and other receivables**	**N'000**	**N'000**	**N'000**	**N'000**
	Trade receivables	542,677	459,914	109,401	223,560
	Allowance for doubtful debts (Note 22 (c)	(94,896)	(111,020)	(35,915)	(74,944)
	Trade receivables - net	447,781	348,894	73,486	148,616
	Receivables from subsidiary companies (Note 22 (d))	-	-	1,177,004	655
	Receivables from associated companies (Note 22 (e))	3,639,222	5,269,412	3,639,222	5,268,737
	Total financial assets other than cash and cash equivalents classified as loans and receivables	4,087,003	5,618,306	4,889,712	5,418,008
	Prepayments- current portion (Note 22 (h))	50,637	121,135	21,287	102,572
	Other receivables (Note 22(b)	620,972	510,066	392,452	262,317
	Total trade and other receivables	4,758,612	6,249,507	5,303,451	5,782,897
(b)	**Other receivables**	**N'000**	**N'000**	**N'000**	**N'000**
	Staff receivables	24,684	133,977	21,783	31,642
	Advances to suppliers	200,928	8,699	147,816	105,699
	Withholding tax credit note received	149,415	58,193	83,071	58,193
	Withholding tax credit	76,637	41,046	76,637	41,046
	Deposit for assets	53,368	-	53,368	-
	VAT Recoverable	69,294	-	-	-
	Sundry receivables	68,744	281,829	31,875	39,415
		643,070	523,744	414,550	275,995
	Impairment allowance (Note 22 (g))	(22,098)	(13,678)	(22,098)	(13,678)
		620,972	510,066	392,452	262,317
(c)	***Movement in impairment allowance for trade receivables***	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at beginning of the year	111,020	120,306	74,944	103,657
	Recovered during the year	(23,609)	-	(23,609)	-
	Bad debts written off	(39,991)	(31,208)	(33,420)	(31,208)
	Provision during the year	47,476	21,922	18,000	2,495
	Balance at the end of the year	94,896	111,020	35,915	74,944
(d)	**Amount due from subsidiary Companies**	**N'000**	**N'000**	**N'000**	**N'000**
	Amount due from subsidiaries				
	Chellarams DMK	-	-	1,177,004	655
(e)	**Amount due from associated Companies**				
	Chellarams Retail Limited	408,685	401,728	408,685	401,053
	Chellarams Investments Limited	80,248	80,218	80,248	80,218
	Chellagric Industries Limited	59,994	53,289	59,994	53,289
	Chelltek Industries Limited	57,421	57,692	57,421	57,692
	Devyani International (Nigeria) Ltd	1,856,935	1,904,193	1,856,935	1,904,193
	Chellco Industries Limited	2,273,108	2,012,177	2,273,108	2,012,177
	Isolo Power Gen. Limited	1,024,670	719,175	1,024,670	719,175
	African Tourism Corporate Travel Ltd	-	38,631	-	38,631
	Others	2,556	2,309	2,556	2,309
		5,763,617	5,269,412	5,763,617	5,268,737
	Management fee in suspense	(12,000)	-	(12,000)	-
	Impairment allowance (Note 22 (f)	(2,112,395)	-	(2,112,395)	-
	Amount due from associated companies	3,639,222	5,269,412	3,639,222	5,268,737
	Net amount due from related companies	3,639,222	5,269,412	4,816,226	5,269,392

(f) ***Movement in impairment allowance for receivables from related companies***

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
	N'000	**N'000**	**N'000**	**N'000**
Balance at beginning of the year	-	276,354	-	276,354
Bad debts written off	-	*(276,354)*	-	*(276,354)*
Addition during the year	*2,112,395*	-	*2,112,395*	-
Balance at the end of the year	2,112,395	-	2,112,395	-

(g) ***Movement in impairment allowance for other receivables***

	N'000	***N'000***	***N'000***	***N'000***
Balance at beginning of the year	13,678	5,785	13,678	5,785
Recovered during the year	(5,785)		(5,785)	
Provision during the year	14,205	7,893	14,205	7,893
Balance at the end of the year	22,098	13,678	22,098	13,678

(h) **Prepayments**	**N'000**	**N'000**	**N'000**	**N'000**
Prepaid rent	36,474	90,624	8,134	74,263
Prepaid customs duty	4,011	-	4,011	-
Prepaid port and handling fee	903	665	903	225
Prepaid Marine	814	14,509	814	14,509
Prepaid advertising	-	268	-	268
Prepaid PAYE	6,288	6,288	6,288	6,288
Prepaid general insurance	1,644	8,586	703	7,019
Prepaid NAFDAC	503	-	434	-
Pre- incorporation expenses	-	195	-	-
Total prepayments	50,637	121,135	21,287	102,572
Non current portion	-	-	-	-
Current portion	50,637	121,135	21,287	102,572
	50,637	121,135	21,287	102,572

(i) *The age analysis of trade receivables is as follows:*	**N'000**	**N'000**	**N'000**	**N'000**
Past due < 30days	116,662	139,034	62,603	67,583
Past due 31-60 days	314,314	126,917	9,611	61,693
Past due 61-90 days	11,941	22,868	-	11,116
Past due 91-120 days	7,115	18,320	1,371	8,905
Past due 120days and above	92,635	152,775	35,816	74,263
	542,667	459,914	109,401	223,560

23 **Cash and cash equivalents**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash balances	10,530	13,273	6,364	12,002
Bank balances	90,636	112,194	10,442	37,076
Margin Deposit	279,776	90,400	279,776	90,400
	380,942	215,867	296,582	139,478

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short term investments with an original maturity of three months or less, net of outstanding bank overdrafts.

24 **Borrowings**	**2018**	**2017**	**2018**	**2017**
(a) **Short term borrowings**	**N'000**	**N'000**	**N'000**	**N'000**
Bank overdrafts	1,727,944	2,650,212	1,446,546	2,481,965
Bank import finance	1,020,360	1,031,981	923,145	935,412
Commercial papers	-	566,000	-	566,000
	2,748,304	4,248,193	2,369,691	3,983,377
Long term loans due within one year	2,033,733	1,388,946	1,541,714	1,253,000
	4,782,037	5,637,139	3,911,405	5,236,377

The company has short term facilities with the following:

Union Bank of Nigeria Plc	
Facility type 1	Import Finance facility
Facility amount	$5,000,000 Subject to a limit of N1,529,250,000
Purpose	To finance local procurement and importation of Consumers products and Industrial raw materials
Repayment Source	Cash flow from normal operation
Facility type 2	Overdraft facility
Facility amount	N200,000,000
Purpose	To finance working capital requirements of the Company inclusive of staff salaries and general operational ovehead cost.
Repayment Source	Cash flow from normal operation
Facility type 3	Import overdraft
Facility amount	N200,000,000
Purpose	To finance duty payments
Repayment Source	Cash flow from normal operation
Security	Negative pledge over fixed and floating assets of Chellaram Plc Trust Receipt (UBN 150) to be executed
Ecobank Plc	
Facility type 1	Import Finance facility
Facility amount	N1,550,000,000 (N$5million)
Purpose	To finance the importation of the Company's stock in trade through the establishment of Confirmed Letters of Credit for bills for collection.
Repayment Source	Cash flow from normal operation and other sources of cashflow available.
Facility type 2	Overdraft
Amount	The maximum amount available at anytime under the facility shall not exceed the total sum of N350,000,000.
Purpose	To meet working capital needs of the Company such as payment of import duties, administrative expenses, port charges and other operational expenses.
Security	Negative pledge over fixed and floating assets of Chellaram Plc
United Bank for Africa	
Facility type 1	Overdraft
Amount	N250,000,000
Purpose	To augment working capital requirements including import duties, clearing expenses, staff salaries other operating expenses such as vendors payment.
Repayment	On demand

Facility type 2	Import Finance
Amount	N500,000,000
Purpose	To facilitate importation of rawmaterial and Companys stock in trade.
Facility type 3	Overdraft facility
Facility amount	N400,000,000
Security	Negative pledge Trust Receipt

(b) **Long term borrowings**	**N'000**	**N'000**	**N'000**	**N'000**
Term loans	2,897,518	3,728,641	2,272,000	3,346,991
Bonds	110,527	200,527	110,527	200,527
Total long term borrowings	3,008,045	3,929,168	2,382,527	3,547,518
	N'000	**N'000**	**N'000**	**N'000**
Amount due within one year	2,033,733	1,388,946	1,541,714	1,253,000
Amount due after one year	974,312	2,540,222	840,813	2,294,518
The movement in term loan is as follows:				
Balance at the beginning of the year	3,728,641	1,818,224	3,346,991	1,303,482
Repayments	(1,503,123)	(162,564)	(1,074,991)	(29,472)
Additions during the year	672,000	2,072,981	-	2,072,981
	2,897,518	3,728,641	2,272,000	3,346,991
Amount due within one year	(1,943,733)	(1,298,946)	(1,451,714)	(1,163,000)
Amount due after one year	953,785	2,429,695	820,286	2,183,991

Standard Chartered Bank Limited

A term loan of N2,590,000,000 was obtained from Standard Chartered Bank to refinance the Company's outstanding indebtedness into a term loan payable over 3 years for a tenor of 33 months at 18% per annum subject to money market conditions, which should be paid monthly (30 days) in arrears. The loan repayment was restructured as detailed below:

i) Monthly principal repayment of N35 million to be paid in the first 18 months until December 2018

ii) The Company is to undertake to provide N1 billion as additional bulk repayment by 19th month, which is January 2019.

iii) To spread the principal balance into 14 equal payments from February 2019 to March 2020.

iv) Failure to service the interest and/or lump sum payment in (i) and (iii) above will constitute a default and render the restructure unsuccessful and a default rate of 25% per annum to become applicable on default.

(c) **The movement in bond is as follows:**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at the beginning of the year	200,527	290,527	200,527	290,527
Repayments	(90,000)	(90,000)	(90,000)	(90,000)
	110,527	200,527	110,527	200,527
Amount due within one year	(90,000)	(90,000)	(90,000)	(90,000)
Amount due after one year	20,527	110,527	20,527	110,527

Balance represents outstanding of N200,527,498 on Series 2 Unsecured fixed rate bonds raised at 14% fixed rate and MPR + 5% floating rate respectively.

		GROUP		COMPANY	
		2018	2017	2018	2017
(d)	**Subordinated loan/promoter's loan**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	1,184,541	994,541	1,184,541	994,541
	Additions during the year	-	190,000	-	190,000
		1,184,541	1,184,541	1,184,541	1,184,541

This represents a promoter's loan obtained by the Company to augument its working capital requirements. The Company in the year 2017 agreed with lender(Kabu Holding Limited) to redenominate the dollar loan to the equivalent amount in Naira on the exchange rate at which the loan facilities were converted on the date the loan were drawn down. The lender also waved the interest accrued on the facilities until 31 March 2018.

25	**Finance lease**	**N'000**	**N'000**	**N'000**	**N'000**
	Balance at the beginning of the year	9,894	13,852	9,894	13,852
	Additions during the year	-	6,480	-	6,480
	Repayments	(8,934)	(10,438)	(8,934)	(10,438)
		960	9,894	960	9,894
	Current portion	960	8,956	960	8,956
	Non current portion	-	938	-	938
		960	9,894	960	9,894

26	**Trade and other payables**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
	Trade payables	2,417,135	1,560,417	1,518,853	925,627
	Forward deal settlement (Note26(a))	(337,349)		(337,349)	-
	Amount due to related parties (Note 26(b))	51,852	56,220	233,513	254,742
	Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	2,131,638	1,616,637	1,415,017	1,180,369
	Other payables and accruals (note 26 (c)	405,841	541,412	317,837	501,593
	Total trade and other payables	2,537,479	2,158,049	1,732,854	1,681,962

(a) Forward deal settlement represents amount payable to suppliers at a future date for which the bank has debited the account of Chellarams plc. This amount will be remitted to the suppliers at the agreed payment date.

(b)	***Amount due to related parties***	**₦'000**	**₦'000**	**₦'000**	**₦'000**
	Due to subsidiaries company				
	Dynamic Industries Limited	-	-	181,661	198,522
	Due to associated companies	**₦'000**	**₦'000**	**₦'000**	**₦'000**
	Murli T. Chellarams Foundation	48,413	54,879	48,413	54,879
	Others	3,439	1,341	3,439	1,341
		51,852	56,220	51,852	56,220
		51,852	**56,220**	**233,513**	**254,742**

(c)	***Other payables and accruals***	**N'000**	**N'000**	**N'000**	**N'000**
	Advances from customers	17,073	56,812	17,073	56,812
	Rent received in advance	45,000	40,544	45,000	40,544
	Unclaimed dividend	17,234	17,234	17,234	17,234
	Accruals	142,390	223,817	80,610	216,023
	Staff payable	5,510	-	5,510	-
	Withhoding tax payable	2,825	-	-	-
	Accrued audit fees	11,000	6,000	6,000	6,000
	VAT payable	95,049	41,296	95,049	41,296
	Accrued interest on Naira acceptance	-	33,914	-	33,914
	Sundry payables	62,484	114,631	45,996	82,606
	Pension (Note 27)	7,276	7,164	5,365	7,164
		405,841	541,412	317,837	501,593

		GROUP		COMPANY	
		2018	2017	2018	2017
27	Post employment benefits:	₦'000	₦'000	₦'000	₦'000
	Employee benefit obligation (Note 27(b)	95,549	131,715	84,686	93,573
	Defined contribution pension plan	7,276	7,164	5,365	7,164
		102,825	138,879	90,051	100,737
(a)	**Employees defined benefits asset**				
	Defined plan asset:	N'000	N'000	N'000	N'000
	Balance at the beginning of the year	115,043	125,276	115,043	125,276
	Benefit paid	-	(10,233)		(10,233)
	Withdrawal of defined benefit assets	(115,043)	-	(115,043)	
		-	115,043	-	115,043

During the year the fund deposited for settlement of post employment benefit was utilised by the company to meets its immidiate obligation.

(b)	**Employees benefits obligations:**				
		N'000	N'000	N'000	N'000
	Balance at the beginning of the year	131,715	143,089	93,573	106,350
	Additions during the year	15,692	11,180	6,829	3,987
	Payments during the year	(51,858)	(22,554)	(15,716)	(16,764)
		95,549	131,715	84,686	93,573
	Net defined benefits				
	(liabilities)/assets	(95,549)	(16,672)	(84,686)	21,470
28	**Share Capital**				
	Authorised Share capital	₦'000	₦'000	₦'000	₦'000
	1,500,000,000 Ordinary share of N0.50 each	750,000	750,000	750,000	750,000
	Issued and fully paid:				
	722,926,000 ordinary shares of N0.50 each	361,463	361,463	361,463	361,463
29	**Revaluation reserve**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year				
	- As previously reported	2,918,303	2,918,303	2,645,663	2,645,663
	- Prior year restatement (Note 34)	(272,640)	-	-	-
	- As restated	2,645,663	2,918,303	2,645,663	2,645,663
	Revaluation surplus for the year	1,437,307	-	1,437,307	-
	Balance at the year end	4,082,970	2,918,303	4,082,970	2,645,663
29.1	Further details are:	N'000	N'000	N'000	N'000
	Revaluation surplus (Note 15)	1,597,008	-	1,597,008	-
	Deferred capital gain tax	(159,701)	-	(159,701)	-
		1,437,307	-	1,437,307	-
30	**Revenue reserve**	N'000	N'000	N'000	N'000
	Balance at the beginning of the year				
	- As previously reported	(1,516,148)	(1,806,472)	(1,152,298)	(1,346,096)
	- Prior year restatement (Note 34)	272,640	-	-	-
	- As restated	(1,243,508)	(1,806,472)	(1,152,298)	(1,346,096)
	Profit for the year	336,631	290,324	448,646	193,798
	Balance at the year end	(906,877)	(1,516,148)	(703,652)	(1,152,298)
(a)	**Non controlling interest**	N'000	N'000	N'000	N'000
	Ordinary shares	22,449	20,160	-	-
	Preference shares	32,855	32,855	-	-
	Loss brought forward	(51,403)	(95,134)	-	-
				-	-
	(Loss)/profit for the year	(135,919)	43,731		
		(132,019)	1,612	-	-

31 **Basic earnings per ordinary share**

Basic earnings per ordinary share of N0.50k each is calculated on the Company's profit after taxation based on the number of shares in issue at the end of the year.

	GROUP		COMPANY	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Profit for the year attributable to shareholders	1,773,938	290,324	448,646	193,798
Weighted average number of ordinary share in issue	722,925	722,925	722,925	722,925
Basic earnings per share of N0.50k each (kobo)	245.38	40.16	62.06	26.81
Diluted earnings per share (kobo)	245.38	40.16	62.06	26.81

32 **Related Parties Disclosures**

(a) **Transactions with related parties**

The Company enters into various transactions with its related Companies and with other key management personnel in the normal course of business. The sales to and purchases from related parties are made at normal market price. Details of the significant transactions carried out during the year with the related parties are as follows:

	N'000	N'000	N'000	N'000
Due from related parties (Note 22(e))	3,639,222	5,269,412	4,816,226	5,269,392
Due to related parties (Note 26(a)	51,852	56,220	233,513	254,742

(b) The aggregate value of transactions during the year relating to the company's related parties are as follows:

Related party	Relationship	Nature of transactions	Value of goods and services supplied (by)/to the party	
			2018	2017
			N'000	N'000
Dynamic Industries Limited	Subsidiary	Transactions in the year relate to both expenses paid and income generated from subsidiary, these have been eliminated on consolidation.	168,300	(144,456)
United Technical and Allied Services Limited	Subsidiary	Transactions in the year relate to both expenses paid and income generated from subsidiary, these have been eliminated on consolidation.	87,744	(175,924)
Chellarams Retail Limited	Associate	Transactions in the year relate to expenses paid by the company on its behalf.	-	(20,829)
Chellagric Industries Limited	Associate	Transactions in the year relate to expenses paid by the company on its behalf.	-	792
Chelltek Industries Limited	Associate	Transactions in the year relate to expenses paid by the company on its behalf.	55	62

Related party	Relationship	Nature of transactions	Value of goods and services supplied (by)/to the party 2018 N'000	2017 N'000
Murli T. Chellarams Foundation	Associate	Charities and donation carried out on behalf of the company	16,482	11,697
Devyani International (Nigeria) Limited	Associate	Sales of goods, loans granted, interest charged and expenses paid on behalf of the associate company.	62,224	56,373
Chellco Industries Limited	Associate	Transactions in the year relate to advances, interest due from and expenses paid on behalf of the associate.	521,054	310,156
Isolo Power Generator Limited	Associate	Transactions in the year relate to both expenses paid and income generated from the associate company.	476,054	338,042
African Tourism Corporate Travel Ltd.	Associate	Transactions in the year relate to expenses paid by the company on its behalf.	28	13,117
			1,331,941	389,079

(c) **Transactions with key management personnel**

Key management staff are those persons who have authority and responsibility for planning, directing and controlling the activities of the Company.

Key management includes executive and non-executive directors and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

(i) **Key management personnel**

The Key management personnel of the Company include its directors (both executive and non-executive) and other identified key management staff.

Chief Suresh M. Chellaram	Managing Director
Mr. Aditya Suresh Chellaram	Chief Executive Officer

(ii) **Remuneration of key**

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	GROUP		COMPANY	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Wages, salaries, allowances and other benefits	683,745	747,844	363,784	665,493
Pension and social benefits	36,178	41,244	21,735	33,506
Staff training	4,246	4,841	-	4,841
	724,169	793,929	385,519	703,840

(iii) **Directors**

The aggregate emoluments of the Directors were:	N'000	N'000	N'000	N'000
Fees	17,963	10,800	9,000	6,000
Other emoluments including pension	12,200	7,466	8,700	7,466
	30,163	18,266	17,700	13,466
(iv) Chairman	4,200	4,000	3,000	3,000

	2018	2017	2018	2017
Directors earned fees in the following ranges	NUMBER		NUMBER	
N800,000 and Above	5	6	5	6

(v) **Employees**

Staff numbers and costs:

The average number of persons employed (excluding Directors) in the Company during the year were as follows:

	NUMBER		NUMBER	
Management	65	68	35	55
Senior staff	120	139	56	117
Supervisory/junior staff	248	254	115	172
	433	461	206	344

The aggregate payroll costs of these persons were as follows:

	₦'000	₦'000	₦'000	₦'000
Wages, salaries, commission and allowances including staff bonus	724,169	793,929	385,519	703,840

The table below shows the number of employees of the Company (other than Directors) who earned over N100,000 during the year and which fell within the bands stated below:

	NUMBER		NUMBER	
N100,001 - N200,000	-	-	-	-
₦200,001 - N300,000	1	3	2	3
₦300,001 - N400,000	4	5	3	3
₦400,001 - N500,000	30	26	3	7
N500,001 and above	398	427	198	331
	433	461	206	344

33 **Contingent liabilities**

The following guarantees were given;

To	For	2018 N'000	2017 N'000
Access Bank Plc	Chellco Industries Limited	488,234	594,231
Access Bank Plc	Chellco Industries Limited	80,000	311,245
Access Bank Plc	Chellco Industries Limited	500,000	500,000
Eco Bank Plc	Isolo Power Gen. Limited	1,181,852	1,468,811
Eco Bank Plc	Isolo Power Gen. Limited	200,000	200,000
Standard chartered Plc	Devyani International Nigeria Limited	2,013,862	1,816,113
Eco Bank Plc	Devyani International Nigeria Limited	192,555	605,331
Diamond Bank Plc	United Technical and Allied Services Limited	-	875,000
United Bank of Africa Plc	United Technical and Allied Services Limited	250,000	500,000
FCMB Plc	Dynamic Industries Limited	900,000	900,000
FCMB Plc	Dynamic Industries Limited	23,508	90,435
Eco Bank Plc	Chellaram Retail Limited	84,000	-

All guarantees are given for the overdraft/term loan to the subsidiaries/associated companies and are in the normal course of the business. Similarly, guarantee given for Devyani International is 57.50% indemnified by joint venture partners.

34 **Prior Period Restatements**

Derecognition of revaluation surplus on disposposal of revalued building in subsidiary

Prior to the financial year ended 31 March 2017, a revalued assets of property ,plant and equipment in a subsidiary Company was disposed without derecognition of the revaluation surplus of N272,640,000.

The financial statements have been restated to correct this error. The restatement required adjustment in the statement of financial position as at 31 March 2017. To this effect, the Statement of financial position, and statement of changes in equity and affected notes showed restated comparative information for the year ended 31 March 2017.

The details of restatement are as follows	N'000
Revalution surplus	
As previously stated	2,918,303
Revaluation rerserve derecognised	(272,640)
As restated	2,645,663

Retained earning	N'000
As previously stated	(1,516,148)
Revaluation rerserve derecognised	272,640
As restated	(1,243,508)

35 **Subsequent events**

There were no events after the reporting period which could have a material effect on the financial position of the Company as at 31 March 2018 and profit attributable to equity holders.

36 **Comparative figures**

Where necessary comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1).

CHELLARAMS PLC AND ITS SUBSIDIARY COMPANIES
OTHER NATIONAL DISCLOSURE
CONSOLIDATED STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 MARCH 2018

	GROUP				COMPANY			
	2018		2017		2018		2017	
	N'000	%	N'000	%	N'000	%	N'000	%
Revenue	8,732,985		12,400,402		4,847,173		7,466,457	
Other income	875,943		96,838		874,104		159,881	
	9,608,928		12,497,240		5,721,277		7,626,338	
Bought in materials and services:-								
- Imported	(7,940,797)		(9,941,578)		(4,291,108)		(5,729,449)	
- Local	-		-		-		-	
Value added	**1,668,131**	**100**	**2,555,662**	**100**	**1,430,169**	**100**	**1,896,889**	**100**
Applied as follows:								
To pay employees:								
Employees' wages, salaries and other benefits	724,169	33	793,929	31	385,519	37	703,840	37
To pay Government:								
Taxation	69,193	-	233,683	9	24,263	-	152,092	8
To pay providers of capital:								
Finance costs	599,549	36	950,406	37	438,840	36	686,105	36
To provide for replacement of assets and growth:								
- Depreciation of property, plant and equipment	210,428	9	243,589	10	132,901	9	161,054	8
- Profit or loss account	200,711	20	290,324	11	448,646	18	193,798	10
Non controlling interest	(135,919)	2	43,731	2	-	-	-	-
	1,668,131	**100**	**2,555,662**	**100**	**1,430,169**	**100**	**1,896,889**	**100**

Value added represents the additional wealth which the Company and its subsidiaries have been able to create by their own and their employees' efforts. This statement shows the allocation of that wealth among all stakeholders and amount retained for the future creation of more wealth.

CONSOLIDATED FIVE-YEAR FINANCIAL SUMMARY

GROUP

	2018	2017	2016	2015	2014
Statement of financial position	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non current assets	6,008,746	4,972,677	5,597,504	5,853,241	5,914,843
Net current (liabilities)/assets	(217,184)	534,926	(1,625,515)	(2,226,662)	1,265,180
Non current liabilities	(2,386,025)	(3,742,373)	(2,540,814)	(2,460,732)	(2,840,510)
Net assets	**3,405,537**	**1,765,230**	**1,431,175**	**1,165,847**	**4,339,513**
Capital and reserves					
Share capital	361,463	361,463	361,463	361,463	361,463
Revaluation reserve	4,082,970	2,918,303	2,918,303	2,918,303	2,918,303
Preference share capital	-	-	-	-	19,305
Deposit for shares	-	-	-	-	12,574
Revenue reserve	(906,877)	(1,516,148)	(1,806,472)	2,058,625	1,066,430
Total equity attributable to owners of the Company	3,537,556	1,763,618	1,473,294	1,221,141	4,378,075
Non-controlling interest	(132,019)	1,612	(42,119)	(55,294)	(38,562)
Total equity	**3,405,537**	**1,765,230**	**1,431,175**	**1,165,847**	**4,339,513**
Statement of profit or loss					
Turnover	8,732,985	12,400,402	20,086,943	25,063,961	23,311,109
Profit/(loss) before taxation	269,904	567,738	235,051	(2,622,640)	(68,625)
Taxation	(69,193)	(233,683)	(78,032)	(538,452)	(5,967)
Profit/(loss) for the year	200,711	334,055	157,019	(3,161,092)	(74,592)
Non controlling interest	135,919	36,037	375	36,037	40,565
Owners of the parents	336,631	370,092	157,394	(3,125,055)	(34,027)
Per share data (kobo):					
Earnings/(loss) per share	245.38	40.16	21.77	(432.28)	(4.71)
Dividend per share	-	-	-	5	10
Net assets per share (kobo)	471	244	198	161	600

COMPANY

	2018	2017	2016	2015	2014
Statement of financial position	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non current assets	5,818,081	4,985,512	5,253,205	5,528,736	5,642,263
Net current assets/(liabilities)	122,961	349,313	(1,587,852)	(2,171,025)	1,386,966
Non current liabilities	(2,200,260)	(3,479,997)	(2,004,323)	(1,881,142)	(2,566,565)
Net assets	**3,740,781**	**1,854,828**	**1,661,030**	**1,476,569**	**4,462,664**
Capital and reserves					
Share capital	361,463	361,463	361,463	361,463	361,463
Revaluation reserve	4,082,970	2,645,663	2,645,663	2,645,663	2,645,663
Revenue reserve	(703,652)	(1,152,298)	(1,346,096)	(1,530,557)	1,455,538
Total equity	**3,740,781**	**1,854,828**	**1,661,030**	**1,476,569**	**4,462,664**
Statement of profit or loss					
Turnover	4,847,173	7,466,457	16,556,045	21,466,175	24,322,103
Profit before taxation	472,909	345,890	200,525	(2,466,293)	192,924
Taxation	(24,263)	(152,092)	(16,064)	(519,802)	4,029
Profit/(loss) for the year	**448,646**	**193,798**	**184,461**	**(2,986,095)**	**196,953**
Dividend declared	-	-	-	-	-
Per share data (kobo):					
Earnings per share	62.06	26.81	25.52	413.06	27.24
Net assets per share (kobo)	517	257	230	204	617