



**JOHN HOLT PLC
AND ITS SUBSIDIARY COMPANIES**

FINANCIAL STATEMENTS

30 SEPTEMBER 2018

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

Opinion

We have audited the accompanying separate and consolidated financial statements of John Holt Plc ("the Company") and its subsidiary Companies ("together the group"). These financial statements comprise the consolidated and separate statements of financial position as at 30 September 2018, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 30 September 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards 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

2. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements on page 4 of this report. We are independent of the Company 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

3. 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, and we do not provide a separate opinion on these matters.

Revenue recognition

We identified instance where revenue was recognised for goods paid for and were dispatched but before the goods were delivered and the waybill endorsed by the customer. There is a risk that sales may not exist and be misstated as risks and rewards of ownership may not have passed to the third party in line with the company's accounting policies and the provisions of International Accounting Standard(IAS)18.

Our response

Our audit procedures in response to the risk included, amongst others:

- Confirmed revenue cycle cut-off from goods dispatched for completeness at year end
- For a selected sample of signed delivery notes/way bills listing in the verified store record:-
- Obtained details of dispatches of inventory prior to and subsequent to the year end, and confirmed that they were appropriately treated.
- Traced delivery notes/way bills signed by the customer or its representative as maintained by the back office to invoices recorded in sales ledger before and after year end.
- Verified and confirmed that revenue and receivables were recorded in the appropriate accounting period.

Valuation of Investment properties

The Group's and Company's investment properties were revalued by Messrs Knight Frank (Nigeria) Estate Surveyors & Valuers, Chartered Surveyors at a value of N4.692billion and N2.205billion respectively as at 30 September 2018. These valuations are dependent on certain key assumptions and significant judgements including capitalisation rates and fair market rents.

Our response

Our procedures in relation to the management's valuation of investment properties included:

- Evaluation of the independent external valuers' competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions
- Checking the accuracy and relevance of the input data used

We found the disclosures in note 21 to be appropriate based on the assumptions and available evidence

Other Information

4. 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 during 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.

Responsibilities of Directors for the Financial Statements

5. The Directors are 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 the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the Audit of the Financial Statements

6. 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 the 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 contained on page 4 of these financial statements. This description forms part of our audit report.

Report on other legal and regulatory requirements

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



Lagos, Nigeria
27 December 2018



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 also:

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

JOHN HOLT PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	Group		Company	
		2018 N'm	2017 N'm	2018 N'm	2017 N'm
Revenue	11	2,674	2,287	2,654	2,262
Cost of sales	12	<u>(2,153)</u>	<u>(1,660)</u>	<u>(2,150)</u>	<u>(1,658)</u>
Gross profit		521	627	504	604
Other operating income	13	4,471	163	4,432	101
Exchange gain/(loss)		94	(285)	94	(285)
Distribution expenses	14	(225)	(216)	(225)	(216)
Administrative expenses	15	<u>(4,646)</u>	<u>(404)</u>	<u>(389)</u>	<u>(394)</u>
Profit/(loss) from operating activities		<u>215</u>	<u>(115)</u>	<u>4,416</u>	<u>(190)</u>
Finance income	16(i)	-	6	-	6
Finance costs	16(ii)	<u>(55)</u>	<u>(114)</u>	<u>(55)</u>	<u>(114)</u>
Net finance costs		<u>(55)</u>	<u>(108)</u>	<u>(55)</u>	<u>(108)</u>
Profit/(loss) before taxation	17	<u>160</u>	<u>(223)</u>	<u>4,361</u>	<u>(298)</u>
Current tax (expenses)/income	18	(11)	803	20	838
Deferred tax credit /(charge)	18	<u>16</u>	<u>(1,308)</u>	<u>-</u>	<u>(1,295)</u>
Profit/(loss) for the year		<u>165</u>	<u>(728)</u>	<u>4,381</u>	<u>(755)</u>
Profit/(loss) for the year attributable to:					
Owners of the parent		165	(728)	4,381	(755)
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>165</u>	<u>(728)</u>	<u>4,381</u>	<u>(755)</u>
Earnings/(loss) per share attributable to the ordinary equity holders of the parent (Kobo)	19	<u>42.31</u>	<u>(186.67)</u>	<u>1,123.33</u>	<u>(193.59)</u>

The accompanying explanatory notes on pages 11 to 49 and other national disclosures on pages 50 to 52 form an integral part of these financial statements.

Auditors' report, pages 1 to 4

JOHN HOLT PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018

		Group		Company	
	Notes	2018 N'm	2017 N'm	2018 N'm	2017 N'm
Profit/(loss) after taxation		<u>165</u>	<u>(728)</u>	<u>4,381</u>	<u>(755)</u>
Other comprehensive income:					
Items that will not be reclassified					
subsequently to profit or loss					
Surplus on revaluation of property, plant and equipment	35(ii)	17	71	17	31
Items that may be reclassified					
subsequently to profit or loss		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive income		<u>17</u>	<u>71</u>	<u>17</u>	<u>31</u>
Total comprehensive income/(loss)		<u>182</u>	<u>(657)</u>	<u>4,398</u>	<u>(724)</u>
Total comprehensive income/(loss)					
attributable to:					
Owners of the parent		182	(657)	4,398	(724)
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>182</u>	<u>(657)</u>	<u>4,398</u>	<u>(724)</u>

The accompanying explanatory notes on pages 11 to 49 and other national disclosures on pages 50 to 52 form an integral part of these financial statements.

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JOHN HOLT PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

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	Notes	Group		Company	
		2018 N'm	2017 N'm	2018 N'm	2017 N'm
Assets					
Non-current assets					
Property, plant and equipment	20	1,680	1,616	757	694
Investment properties	21	4,692	4,622	2,205	2,177
Assets under finance lease	22	31	48	31	48
Investment in subsidiaries	24	-	-	25	25
Available-for-sale financial assets	25(ii)	6	6	6	6
Total non-current assets		6,409	6,292	3,024	2,950
Current assets					
Inventories	27	103	243	103	243
Trade and other receivables	28	1,364	1,273	1,364	1,273
Cash and cash equivalents	29	58	31	58	31
Due from related party	33(iv)	2,400	2,406	2,400	2,406
Total current assets		3,925	3,953	3,925	3,953
Liabilities					
Current liabilities					
Trade and other payables	30	1,508	1,626	1,467	1,554
Loans and borrowings	31	231	43	231	43
Employee benefits	32(i)	87	114	87	114
Taxation payable	18(iii)	511	506	16	37
Due to related party	33(ii)	28	24	28	24
Total current liabilities		2,365	2,313	1,829	1,772
Net current assets		1,560	1,640	2,096	2,181
Non-current liabilities					
Deferred taxation	23(ii)	411	427	-	-
Loans and borrowings	31	33	43	33	43
Due to related parties	33(ii)	4,718	4,837	4,722	9,121
Total non-current liabilities		5,162	5,307	4,755	9,164
Net assets/(liabilities)		2,807	2,625	365	(4,033)
Equity and reserves					
Share capital	34	195	195	195	195
Property revaluation reserve	35	545	528	396	379
Available-for-sale-reserve	36	5	5	5	5
Revenue reserve	37	2,062	1,897	(231)	(4,612)
Total equity and reserves		2,807	2,625	365	(4,033)

The consolidated financial statements on pages 5 to 52 were approved by the Board of Directors on 24 December 2018 and signed on its behalf by:

i) Chief C.I Ezeh

FRC/2013/ICAN/00000001833

ii) Dr. Christopher Ezeh

FRC/2017/IODN/00000016475

iii) Mr. Adeche Okeje

FRC/2013/ICAN/00000005141

Chairman

Group Managing Director

Finance Director

The accompanying explanatory notes on pages 11 to 49 and other national disclosures on pages 50 to 52 form an integral part of these financial statements.

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JOHN HOLT PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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Group	Issued share capital	Available for sale reserve	Revaluation reserve	Reserve on actuarial valuation of defined benefit plan	Revenue reserve	Total equity
	N'm	N'm	N'm	N'm	N'm	N'm
At 1 October 2017	195	5	528	-	1,897	2,625
Profit for the year	-	-	-	-	165	165
Other comprehensive income						
Surplus on revaluation of property (Note 35 (ii))	-	-	17	-	-	17
Total comprehensive income for the year	-	-	17	-	165	182
Contributions by and distributions to owners:						
Dividends paid during the year	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-
At 30 September 2018	195	5	545	-	2,062	2,807
At 1 October 2016	195	5	457	-	2,625	3,282
Loss for the year	-	-	-	-	(728)	(728)
Other comprehensive income						
Surplus on revaluation of property (Note 35 (ii))	-	-	71	-	-	71
Total comprehensive income/(loss) for the year	-	-	71	-	(728)	(657)
Contributions by and distributions to owners:						
Dividends paid during the year	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-
At 30 September 2017	195	5	528	-	1,897	2,625

The accompanying explanatory notes on pages 11 to 49 and other national disclosures on pages 50 to 52 form an integral part of these financial statements.

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JOHN HOLT PLC

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

Company	Issued share capital	Available for sale reserve	Revaluation reserve	Reserve on actuarial valuation of defined benefit plan	Revenue reserve	Total equity
	N'm	N'm	N'm	N'm	N'm	N'm
At 1 October 2017	195	5	379	-	(4,612)	(4,033)
Profit for the year	-	-	-	-	4,381	4,381
Other comprehensive income:						
Surplus on revaluation of property (Note 35(ii))	-	-	17	-	-	17
Total other comprehensive income for the year	-	-	17	-	4,381	4,398
Contributions by and distributions to owners:						
Dividends paid during the year	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-
At 30 September 2018	195	5	396	-	(231)	365
At 1 October 2016	195	5	348	-	(3,857)	(3,309)
Loss for the year	-	-	-	-	(755)	(755)
Other comprehensive income:						
Surplus on revaluation of property (Note 35(ii))	-	-	31	-	-	31
Total other comprehensive income/(loss) for the year	-	-	31	-	(755)	(724)
Contributions by and distributions to owners:						
Dividends paid during the year	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-
At 30 September 2017	195	5	379	-	(4,612)	(4,033)

The accompanying explanatory notes on pages 11 to 49 and other national disclosures on pages 50 to 52 form an integral part of these financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Note	Group		Company	
		2018 N'm	2017 N'm	2018 N'm	2017 N'm
Cash flows from operating activities					
Cash received from customers		2,525	2,541	2,505	2,516
Payments to suppliers and employees		(2,538)	(2,336)	(2,529)	(2,024)
Input VAT		43	49	43	49
Output VAT		(46)	(52)	(46)	(51)
Tax paid	18(iii)	(6)	(16)	(1)	(8)
Net cash (outflow)/inflow from operating activities	40	(22)	186	(28)	482
Cash flows from investing activities					
Interest income	16	-	6	-	6
Purchase of property, plant and equipment	20	(17)	(11)	(13)	(11)
Purchase of investment properties	21	(4)	(2)	(1)	(2)
Purchase of assets under finance lease	22	-	-	-	-
Proceeds from disposal of investment properties		-	876	-	580
Proceeds from sale of property, plant and equipment		2	2	1	2
Net cash (outflow)/inflow from investing activities		(19)	871	(13)	575
Cash flows from financing activities					
Loan repayments	31(ii)	-	(449)	-	(449)
Import finance facilities obtained	31(i(c))	978	-	978	-
Repayment of import finance facilities	31(i(c))	(811)	(714)	(811)	(714)
Finance lease obtained	31(iii)	-	55	-	55
Repayment of finance leases	31(iii)	(22)	(7)	(22)	(7)
Other facilities	31(ii(a))	-	66	-	66
Repayment-others	31(ii(a))	(22)	(36)	(22)	(36)
Finance costs	16(ii)	(55)	(114)	(55)	(114)
Net cash inflow/(outflow) from financing activities		68	(1,199)	68	(1,199)
Net increase/(decrease) in cash and cash equivalents		27	(142)	27	(142)
Cash and cash equivalents at 1 October		31	173	31	173
Cash and cash equivalents at 30 September	29	58	31	58	31

The accompanying explanatory notes on pages 11 to 49 and other national disclosures on pages 50 to 52 form an integral part of these financial statements.

Auditors' report, pages 1 to 4

JOHN HOLT PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Corporate information and principal activities

John Holt Plc was incorporated on 28 August 1961 in Nigeria as a Limited Liability Company. The Company was listed on the Nigerian Stock Exchange in May 1974. John Holt Plc is a subsidiary of John Holt & Company (Liverpool) Limited, UK. 51 per cent of the issued share capital of the Company is owned by John Holt & Company (Liverpool) Limited, UK, while 49 per cent is owned by Nigerian individuals and corporate investors.

The principal activities of the group are the assembly, sale, leasing and servicing of power and cooling equipment; sale and servicing of fire fighting vehicles and equipment; boat building, sale and servicing of marine equipment; marine transport; warehousing and distribution services; property services and construction.

Its registered office is at Plot 1609, Adeola Hopewell Street, Victoria Island, Lagos.

2 Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) 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 24 December 2018

b. Basis of measurement

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

- Investment property is measured at fair value
- Leasehold land and buildings are measured at revalued amounts
- Available for sale financial assets are measured at fair value.

c. Functional and presentation currency

The Company and group functional and presentation currency is the Nigerian Naira. The financial statements are presented in Nigerian Naira and have been rounded up to the nearest million except where 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 Group

The following new or amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 September 2018. They have not been adopted in preparing the financial statements for the year ended 30 September 2018 and are not expected to affect the Company in the period of initial application. In all cases the Group intends to apply these standards from application date as indicated in the table below:

Standards and amendments issued but yet to take effect

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
IFRS 9 (issued November 2009 and amended October 2010)	Financial Instruments	<p>Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in IAS 39 have been eliminated. Under IFRS 9, there are three categories of financial assets:</p> <ul style="list-style-type: none"> i) Amortised cost ii) Fair value through profit or loss iii) Fair value through other comprehensive income <p>The following requirements have generally been carried forward unchanged from IAS 39 <i>Financial Instruments: Recognition and Measurement</i> into IFRS 9:</p> <ul style="list-style-type: none"> i) Classification and measurement of financial liabilities ii) Derecognition requirements for financial assets and liabilities. However, IFRS 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the fair value of a financial liability that is designated at fair value through profit or loss (using the fair value option) that relate to changes in the reporting entity's own credit risk are normally recognised in other comprehensive income. <p>The changes are to be applied prospectively from the date of adoption.</p>	Periods beginning on or after 1 January 2018	<p>The group has financial assets classified as available-for-sale. When IFRS 9 is first adopted, the entity will reclassify these into the fair value through profit or loss category. On 1 January, 2018, the cumulative fair value changes in the available-for-sale reserve will be reclassified into retained earnings and subsequent fair value changes will be recognised in profit or loss. These changes apply prospectively so comparatives do not need to be restated.</p> <p>The entity has financial liabilities designated at fair value through profit or loss. The amendments require that for those financial liabilities, any changes in fair value attributable to the liability's credit risk are normally recognised in other comprehensive income instead of profit or loss.</p>
IFRS 9 (amended December 2011)	Amendments to IFRS 9 <i>Financial Instruments</i> Mandatory Effective Date of IFRS 9 and Transition Disclosures	Defers the effective date of IFRS 9 to 1 January 2018. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2018	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
IFRS 9 (amended December 2011) (cont'd)		<p>Additional disclosures required in relation to information about rights of offset and related arrangements for financial instruments under an enforceable master netting arrangement (or similar arrangement)</p> <p>Minimum disclosure requirements, in a tabular format that splits financial assets and financial liabilities, are:</p> <p>(a) Gross financial assets and liabilities under a master netting (or similar) agreement</p> <p>(b) The amounts offset under IAS 32</p> <p>(c) The net amount presented in the statement of financial position (i.e. (a) - (b))</p> <p>(d) The amounts subject to an enforceable master netting agreement (or similar) not included in the amount offset under IAS 32 (i.e. (b), being those that fail to meet the offsetting criteria as well as those related to financial collateral</p> <p>(e) The net of (d) less (c) (d).</p> <p>Also required is the description of the nature of the right of set-off, in relation to amount presented under (d) above.</p>		

IFRS reference	Title and Affected standard(s)	Nature of Change	Application date	Impact on Initial Application
IFRS 16 issued in January 2016 □	Leases	<p>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.</p> <p>Accounting by lessees</p> <p>Upon lease commencement a lessee recognises a right-of-use asset and a lease liability.</p> <p>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.</p> <p>Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.</p>	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
		<p>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:</p> <ul style="list-style-type: none"> 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). <p>The re-measurements are treated as adjustments to the right-of-use asset.</p> <p>Accounting by lessor Lessor shall continue to account for leases in line with the provisions in IAS 17.</p>		

□

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 and 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:

i) Income and deferred taxation

John Holt Plc and its subsidiary companies annually incur amounts of income taxes payable, and also recognise 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.

ii) Impairment of property, plant and equipment

The group assesses assets or groups 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 company'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.

iii) Legal proceedings

The Group reviews outstanding legal cases following developments in the legal proceedings and 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 Consolidation

i) Subsidiaries

The financial statements of subsidiaries are consolidated from the date the Company acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity instruments issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

ii) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in subsidiaries in the separate financial statements of the parent entity is measured at cost.

iii) Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

iv) Disposal of subsidiaries

On loss of control, the Company derecognises the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

6 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 Company's and its subsidiaries' future performance and financial position on a going concern basis and have no reason to believe that the Company will not be a going concern in the year ahead as indicated in note 43. 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.

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) 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 that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount 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.

Transfer of significant risk and rewards of ownership is believed to be transferred to the buyer at the point of delivery to the buyer.

ii) Rental income

Rental income is accounted for on a time proportion of the lease terms.

iii) Finance income and finance costs

Net finance cost includes interest expense on borrowings as well as interest income on funds invested.

Net finance cost also includes other finance income and expense, such as exchange differences on loans and borrowings and unwinding of the discount on provisions. Certain borrowing costs are capitalised as explained under the section on Property, Plant and Equipment. Others that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss.

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

iv) Other income

This comprises profit from sale of financial assets, profit from sale of property, plant and equipment, profit from sale of scraps and impairment loss no longer required, changes in fair value of non financial assets at fair value through profit or loss.

Income arising from disposal of items of financial assets, property, plant and equipment and scraps is recognised at the time when transactions are finalised and ownership transferred 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 recognised impairment no longer required as other income when the Group received cash on an impaired receivable or when the value of an impaired investment increased and the investment is realisable.

(d) 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

The Group classifies its expenses as follows:

- Cost of sales;
- Selling and Distribution expenses;
- Administration expenses;
- Finance costs.

(e) Income tax expenses

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

(f) 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.

(g) Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and are subsequently carried at cost (or revalued amount for leasehold land and buildings) less subsequent accumulated depreciation and impairment losses. The cost of property plant and equipment includes expenditures that are directly attributable to the acquisition of the asset.

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 or loss component of the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

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:

Leasehold land	Nil
Leasehold buildings	2%
Computers	33 ¹ / ₃ %
Plant and equipment	10%
Motor vehicles	25%
Marine vessels	25%
Furnitures and fittings	10%
Air-conditioners	16 ² / ₃ %
Outboard engines	25%
Lease assets	Period of operating lease down to a transfer value

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

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 or 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 appropriate.

(h) Investment Properties

An investment property is an investment in land or building held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the company and its subsidiaries. Also, qualify as an investment property are the land held for a currently undetermined use that is the Group has not determined that it will use the land as owner-occupied property or for short term sale in ordinary course of business, and a building that is vacant but held to be leased out under one or more operating leases.

Investment properties are carried in the statement of financial position at their market value and revalued at regular interval on a systematic basis at least once in every two years.

An external, independent valuer, having appropriate recognised professional qualifications, certified by the Financial Reporting Council (FRC) of Nigeria and with recent experience in the location and category of the investment properties being valued, values the Group's investment properties. The fair value are based on market value, being the estimated amount for which a property could be sold between market participant at a measurement date.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the property) is recognised in the profit or loss component of the consolidated statement of comprehensive income in the period of the derecognition.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Investment properties are not subject to periodic charge for depreciation.

(i) Leases

i) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

ii) Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non current borrowings. The interest element is expensed over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(j) 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.

(k) Financial Assets

The Group classifies its financial assets into the following categories: Available-for-sale 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) Available -for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are classified as available-for-sale and not as loans and receivables which may be sold by the company 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

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.

ii) 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.

iii) 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 Company and or its subsidiaries 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 off against the provision for trade receivables.

iv) 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.

(l) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgments as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(m) Prepayments

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

(n) **Inventories**

Inventories 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 of completion and selling expenses.

Cost is determined as follows:

i) **Raw materials**

Raw materials which include purchase cost and other costs incurred to bring the materials to their location and condition are valued using a standard cost reviewed from time to time in line with the

ii) **Work in progress**

Cost of work in progress includes cost of raw materials, labour, production and attributable overheads based on normal operating capacity. Work in progress is valued using actual cost incurred to the stage of work in progress.

iii) **Finished goods**

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

iv) **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 standard cost after making allowance for obsolete and damaged. All standard costs are always adjusted to the actual costs upon the receipt of the actual invoice and the confirmation of other incidental costs. Allowance is made for obsolete, slow moving or defective items where appropriate.

(o) **Financial liabilities**

Financial liabilities are initially recognised at fair value when the Company and its subsidiaries 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 financial liabilities include: 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.

(p) **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.

- **Derecognition 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.

(q) **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 at 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.

(r) 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.

(s) Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as finance costs in the income statement in the period in which they are incurred.

(t) 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.

(u) 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 exercises 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.

(v) Employee benefits

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

i) Defined contribution pension scheme

In line with the provisions of the Nigerian Pension Reform Act, 2014, John Holt Plc 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 employee's choice.

The Company 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 John Holt Plc 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 or loss 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 John Holt Plc and the group 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 statement of profit or loss and other comprehensive income 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 statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (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 are 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 Company'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) General reserve

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) 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.

(ab) 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.

(ac) 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 relate to transactions with any of the company's other components, whose operating results are reviewed regularly by the Executive Deputy Chairman (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.

7 Determination of fair value

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

i) Property, plant and equipment

The fair value of items of leasehold land and buildings is based on depreciated replacement cost and comparison approaches. "Depreciated replacement cost" reflects the current cost of reconstructing the existing structure together with the improvements in today's market adequately depreciated to reflect its physical wear and tear, age, functional and economic obsolescence plus the site value in its existing use as at the date of inspection while "Comparison Approach" is the analysis of recent sale transactions or similar properties in the neighbourhood. The figure thus arrived at represents the best price that the subsisting interest in the property will reasonably be expected to be sold if made available for sale by private treaty between market participants at a measurement date.

ii) Investment Property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location values the group's landed property. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction.

iii) Valuation of Available for sale financial assets

The fair value of investments in equity are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique.

iv) Fair value hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 Financial Instrument Disclosure'.

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.

8 Financial risk management

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, available-for-sale financial assets, bank overdrafts, trade and other payables, dividend payable and loans and borrowings .

The Company and its subsidiaries have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market 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 services rendered on credit. It is Group policy to assess the credit risk of new customers before entering 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 grouped according to their credit characteristics. customers that are graded 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'm	N'm	N'm	N'm
Trade and other receivables	1,364	1,273	1,364	1,273
Cash and cash equivalents	58	31	58	31
	<u>1,422</u>	<u>1,304</u>	<u>1,422</u>	<u>1,304</u>

As at the reporting date there is no concentration of credit risk with a particular customer.

Cash is held with the following institutions:

	Group		Company	
	2018	2017	2018	2017
	N'm	N'm	N'm	N'm
United Bank for Africa Plc	-	1	-	1
Fidelity Bank Plc	53	7	53	7
Zenith Bank Plc	-	1	-	1
First Bank of Nigeria Limited	-	1	-	1
Keystone Bank Limited	3	19	3	19
Other financial institutions	2	2	2	2
	<u>58</u>	<u>31</u>	<u>58</u>	<u>31</u>

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 the Board of 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 30 September 2018

	Book value	Contractual cashflow	One year or less	1-5 years	More than 5 years
	N'm		N'm	N'm	N'm
Loans and borrowings	264	264	231	33	-
Trade and other payables	1,508	1,508	1,508	-	-
Dividend payable	-	-	-	-	-
Due to related parties	4,746	4,746	28	4,718	-
	<u>6,518</u>	<u>6,518</u>	<u>1,767</u>	<u>4,751</u>	<u>-</u>

As at 30 September 2017

	Book value	Contractual cashflow	One year or less	1-5 years	More than 5 years
	N'm		N'm	N'm	N'm
Loans and borrowings	86	86	43	43	-
Trade and other payables	1,626	1,626	1,626	-	-
Due to related parties	4,861	4,861	24	4,837	-
	<u>6,573</u>	<u>6,573</u>	<u>1,693</u>	<u>4,880</u>	<u>-</u>

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, 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. Market risk, consists of foreign exchange risk, interest rate risk and price risk.

Foreign exchange risk

The functional currency of the Group is the Nigerian Naira.

Foreign exchange risk arises when the Group enters into transactions denominated in a currency other than its functional currency. The Group's policy is, where possible, to allow entities to settle liabilities denominated in its functional currency with the cash generated from its own operations in that currency. Where entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash is sought for from the open market and this exposes the entities to foreign exchange risk.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

The Group is exposed to foreign exchange risk when there are intercompany transactions with John Holt & Company (Liverpool) Ltd, UK. These transactions are usually denominated in US dollar or Pounds (£). These cause gains or losses during the conversion. The Group maintains Pounds (£) domiciliary account with Sterling Bank Plc and domiciliary US dollar account with Fidelity Bank Plc and Standard Chartered Bank Nigeria Limited.

	2018	2017	2018	2017
	N'm	N'm	N'm	N'm
US dollars	1,628	1,614	-	-
Pounds	602	615	4,721	4,837

Sensitivity analysis

Analysed below is the Group's sensitivity to a 5% depreciation or appreciation in the Naira against the US dollar. The analysis shows the effect of the changes on the Group's profit before tax.

5% Depreciation in Naira against	Gain	Loss	Net effect
	N'm	N'm	N'm
Assets	81	-	81
Liabilities	-	-	-
Net loss	81	-	81

5% Appreciation in Naira against	Gain	Loss	Net effect
	N'm	N'm	N'm
Assets	-	(81)	(81)
Liabilities	-	-	-
Net gain	-	(81)	(81)

Sensitivity analysis shows that the Group's profit before tax would have been N81 million higher or lower if the Naira had depreciated or appreciated against US Dollar by 5%.

Analysed below is the Group's sensitivity to a 5% depreciation or appreciation in the Naira against the Pounds. The analysis shows the effect of the changes on the Group's profit before tax.

5% Depreciation in Naira against	Gain	Loss	Net effect
	N'm	N'm	N'm
Assets	30	-	30
Liabilities	-	(236)	(236)
Net loss	30	(236)	(206)

5% Appreciation in Naira against	Gain	Loss	Net effect
	N'm	N'm	N'm
Assets	-	(30)	(30)
Liabilities	236	-	236
Net gain	236	(30)	206

Sensitivity analysis shows that the Group's profit before tax would have been N206 million higher or lower if the Naira had depreciated or appreciated against Pounds by 5%.

Interest rate risk

The Group adopts a policy of ensuring that a significant element of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into loan arrangements with mixed interest rate sources. Variable interest rates are marked against the ruling CBN interest rates to reduce the risk arising from interest rates. The effective interest rates and the maturity term profiles as at 30 September 2018 of interest-bearing loans, deposits and cash and cash equivalents are stated below:

As at 30 September 2018	Effective interest rate	one year or less	1-5 years	Over 5 years	Total
		N'm	N'm	N'm	N'm
Cash and cash equivalents	14%	58	-	-	58
Borrowings	17%	231	33	-	264
		<u>289</u>	<u>33</u>	<u>-</u>	<u>322</u>

Sensitivity analysis

Analysed below is the Group's sensitivity to a 1% increase or decrease in the interest rate. The analysis shows the effect that 1% increase or decrease in the interest rate will have on the Group's profit before tax.

1% increase in interest rate	interest rate	Gain	Loss	Net effect
		N'm	N'm	N'm
Cash and cash equivalents	15%	-	-	-
Borrowings	18%	-	(3)	(3)
Net loss		<u>-</u>	<u>(3)</u>	<u>(3)</u>
1% decrease in interest rate	interest rate	Gain	Loss	Net effect
		N'm	N'm	N'm
Cash and cash equivalents	13%	-	-	-
Borrowings	16%	3	-	3
Net gain		<u>3</u>	<u>-</u>	<u>3</u>

Sensitivity analysis shows that the Group's profit before tax would have been N3 million higher or lower if the interest rate had increased or decreased by 1%.

Price risk

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 materially from the book value.

9 Capital management

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital, revenue reserve, and revaluation reserves).

The Board of Directors' 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.

Consistent with others in the industry, the Group monitors capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net debt to adjusted capital as defined above. Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents. The objective of this strategy is to secure access to finance at reasonable cost by maintaining a high credit rating.

The debt-to-adjusted-capital ratio at 30 September 2018 and at 30 September 2017 is as follows:

	Group		Company	
	2018	2017	2018	2017
	N'm	N'm	N'm	N'm
Loans and borrowings	264	86	264	86
Less: cash and cash equivalents	(58)	(31)	(58)	(31)
Net debt	<u>206</u>	<u>55</u>	<u>206</u>	<u>55</u>
Total equity	<u>2,807</u>	<u>2,625</u>	<u>365</u>	<u>(4,033)</u>
Debt to adjusted capital ratio (%)	<u>0.07:1</u>	<u>0.02:1</u>	<u>0.56:1</u>	<u>0.01:(1)</u>

The increase in the debt to adjusted capital ratio for the Group during the year resulted primarily from the increase in debt by N178 million from N86 million in 2017 to N264 million in 2018.

10 Segment information

i) Divisions, products and services from which reportable segments derive their revenues

The group has three reportable segments as stated below, which are the group's strategic segments. The strategic segments offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic segments, the Group Managing Director (the Chief Operating Decision Maker) reviews internal management reports on a monthly basis. The following summarises the financial operations in each of the group's strategic segments.

Segment 1 - Technical Products and Leasing Services, this consists of:

- Holt Engineering
- Holt Services
- Holt Cooling
- Fire & Safety Solutions
- John Holt Assemblies

Segment 2 -Property, warehousing and central, this consists of:

- Group Head Office
- Merchandising Retail Distribution Services (MRDS)
- John Holt Investment
- JHL division
- West African Drug Company Limited
- John Holt Agricultural Engineers Limited
- JALLCO Limited
- Africa Properties (Nigeria) Limited
- Holt Engineering Limited
- HPL Limited
- Probyn Road Properties Nigeria Limited

Segment 3 - Yamaco

ii) Segment revenues and results

The following are the analyses of the Group's strategic revenues and results by reportable segments. Performance is based on segment revenue and operating profit, as included in the internal management reports that are reviewed and measured by the Group Managing Director. Segments' revenues, operating profits and return on management assets are used to measure performance as management believes that such pieces of information are the most relevant in evaluating results of certain segments relative to other entities that operate within these industries.

iii) Analysis by segments

	Technical Products and leasing Services	Yamaco	Property, warehousing and Central	Total
	N'm	N'm	N'm	N'm
- 30 September 2018				
Revenue	2,269	170	235	2,674
Cost of sales	(1,885)	(196)	(72)	(2,153)
Gross profit/(loss)	384	(26)	163	521
Gross profit/(loss) percentage	17	(15)	69	19
The gross loss from Yamaco during the year was due to unfavourable exchange rate fluctuations. The Company has made claim for variation but could not be recognised until it is finalised with the customer.				
- 30 September 2017				
Revenue	1,758	306	223	2,287
Cost of sales	(1,333)	(260)	(67)	(1,660)
Gross profit	425	46	156	627
Gross profit percentage	24	15	70	27

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 6. Each segment bears its administrative costs and there are allocations of central administration expenses to the units. This is the measure reported to the Group Managing Director (Chief Operating Decision Maker) for the purposes of assessment of segment performance. The units interest bearing loan is managed by the Group Head Office whereas the cost of financing is apportioned on predetermined parameters as agreed by the management.

iv) Segment assets, liabilities and Equities

The following is an analysis of the Group's strategic assets, liabilities and equities by reportable segment:

	Technical Products and leasing Services	Yamaco	Property, warehousing and Central	Total
	N'm	N'm	N'm	N'm
- 30 September 2018				
Total assets	793	214	9,327	10,334
Total liabilities	(127)	(69)	(7,331)	(7,527)
Net Assets	666	145	1,996	2,807
- 30 September 2017				
Total assets	896	361	8,988	10,245
Total liabilities	(146)	(177)	(7,297)	(7,620)
Net Assets	750	184	1,691	2,625

11 Revenue	2018 N'm	2017 N'm	2018 N'm	2017 N'm
Sale of finished goods	2,059	1,431	2,059	1,431
Sales of spare parts	4	39	4	39
Services and repairs	369	567	369	567
Direct leasing	7	27	7	27
Property rent and warehousing	235	223	215	198
	<u>2,674</u>	<u>2,287</u>	<u>2,654</u>	<u>2,262</u>

The Company generated its revenue from the consolidation of all the divisions as stated above.

12 Cost of sales	N'm	N'm	N'm	N'm
Finished goods	1,768	1,101	1,768	1,101
Spare parts	3	26	3	26
Service and repairs	309	464	309	464
Direct leasing	1	2	1	2
Property rent and warehousing	72	67	69	65
	<u>2,153</u>	<u>1,660</u>	<u>2,150</u>	<u>1,658</u>

13 Other operating income	N'm	N'm	N'm	N'm
Profit on disposal of investment properties	-	33	-	13
Profit on disposal of property, plant and Proceeds from sales of scrap	1	2	1	2
Gain from Ecobank Nigeria Limited borrowing settled at concessionary amount	-	5	-	5
Provision no longer required	-	19	-	19
Provision for annual bonus no longer required	150	31	150	31
Debts waived by subsidiary Companies (Note13(a))	-	20	-	-
	4,254	-	4,254	-
Write back of unclaimed dividends outstanding for more than 12 years	-	4	-	4
Fair value gain on investment property (Note 21)	66	44	27	22
Others	-	5	-	5
	<u>4,471</u>	<u>163</u>	<u>4,432</u>	<u>101</u>

	2018	2017	2018	2017
	N'm	N'm	N'm	N'm
13(a) Debts waived by subsidiary companies				
JALLCO Limited	3,650	-	3,650	-
West Africa Drug Company Limited	389	-	389	-
Africa Properties Nigeria Limited	26	-	26	-
Probyn Road Properties Nigeria Limited	2	-	2	-
HPL Limited	5	-	5	-
John Holt Engineering Limited	2	-	2	-
John Holt Agricultural Engineers Limited	180	-	180	-
	<u>4,254</u>	<u>-</u>	<u>4,254</u>	<u>-</u>
14 Distribution expenses	N'm	N'm	N'm	N'm
Employees' salaries and allowances	53	51	53	51
Security	13	12	13	12
Printing and stationery	6	9	6	9
Travelling and accommodation	15	9	15	9
Canteen and entertainment	6	7	6	7
Cleaning	4	3	4	3
Communication	8	5	8	5
Depreciation	13	16	13	16
Fuel and oil	14	15	14	15
Insurance	6	5	6	5
Pension	8	6	8	6
Rent and service charge	59	57	59	57
Repairs and maintenance	15	16	15	16
Others	5	5	5	5
	<u>225</u>	<u>216</u>	<u>225</u>	<u>216</u>
15 Administrative expenses	N'm	N'm	N'm	N'm
Employees' salaries and allowances	99	95	99	95
Security	7	7	7	7
Printing and stationery	11	14	11	14
Travelling and accommodation	27	28	27	28
Advertisement and promotion	10	11	10	11
Professional fees & expenses	20	23	20	23
Canteen and entertainment	11	12	11	12
Cleaning	7	7	7	7
Communication	8	5	8	5
Depreciation	29	41	27	38
Fuel and oil	17	18	17	18
Insurance	9	8	9	8
Directors' fees and expenses	7	7	7	7
Pension	16	11	16	11
Rent and service charge	72	69	72	69
Repairs and maintenance	18	20	18	20
Debt waived by Subsidiary companies	4,254	-	-	-
Others	24	28	23	21
	<u>4,646</u>	<u>404</u>	<u>389</u>	<u>394</u>

	2018	2017	2018	2017
	N'm	N'm	N'm	N'm
16 Finance income and costs				
i) Finance income				
interest income	-	6	-	6
ii) Finance costs				
Interest	53	112	53	112
Account maintenance fees	2	2	2	2
	<u>55</u>	<u>114</u>	<u>55</u>	<u>114</u>
17 Profit/(loss) on ordinary activities before	2018	2017	2018	2017
This is stated after charging:	N'm	N'm	N'm	N'm
Directors' remuneration:				
- Fees	0.13	0.14	0.13	0.14
- Sitting allowance	0.72	0.80	0.72	0.80
- Emoluments as executives	12.40	12.40	12.40	12.40
- Other directors' expenses	6.00	6.00	6.00	6.00
Depreciation of property, plant and equipment:				
- owned assets	23	38	22	38
- leased assets	3	8	2	8
Audit fees	9	9	9	9
18 Taxation				
i) Per statement of profit or loss	N'm	N'm	N'm	N'm
Income tax	20	34	6	-
Education tax	-	1	-	-
Write back of provision for WHT with credit note receipts no longer required (Notes 18(ii) and 28 (ii))	-	(838)	-	(838)
Overprovision in prior years- Income tax	(9)	-	(26)	-
Current tax (expense)/income	<u>11</u>	<u>(803)</u>	<u>(20)</u>	<u>(838)</u>
Deferred tax (written back)/charge (Note 23)(i) & (ii))	<u>(16)</u>	<u>1,308</u>	<u>-</u>	<u>1,295</u>
	<u>(5)</u>	<u>505</u>	<u>(20)</u>	<u>457</u>

ii) The provision written back in 2017 was the amount provided for unutilised withholding tax with credit note receipts under the now abolished Statement of Accounting Standard Number 19. The decision to write back the provision is on the premise that withholding tax supported with credit note receipts can be carried forward indefinitely until such a time that the Company is able to utilise it as an offset against a current year chargeable tax.

	Group		Company	
	2018	2017	2018	2017
iii) <i>Per statement of financial position</i>	N'm	N'm	N'm	N'm
Opening balance				
- Income tax	181	154	21	21
- Education tax	7	14	6	13
- Capital gain tax	318	319	10	11
Payments during the year				
- Income tax	(6)	(7)	(1)	-
- Education tax	-	(8)	-	(7)
- Capital gain tax	-	(1)	-	(1)
Charge for the year				
- Income tax	20	34	6	-
- Education tax	-	1	-	-
Overprovision in prior years				
- Income tax	(9)	-	(26)	-
	<u>511</u>	<u>506</u>	<u>16</u>	<u>37</u>

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended to date and the Education Tax Act, CAP E4, LFN 2004 as amended. Deferred taxation is computed using the liability method.

iv) **Reconciliation of tax charge**

The income tax expense for the Company for the year can be reconciled to the accounting profit/(loss) as per the statement of profit or loss as follows:

	2018	2017
Profit/(loss) before tax	4,361	(298)
Tax at the statutory corporation tax rate of 30%	1,308	(89)
Effect of income that is exempt from taxation	(1,331)	(204)
determining taxable profit	12	-
Balancing charge	-	-
Adjusted loss	11	(5)
Minimum tax	6	-
Education tax @ 2% of assessable profit	-	-
Over provision of income tax	(26)	-
Write back of provision for WHT with credit note receipts no longer required (No	-	(838)
Deferred tax provisions	-	1,295
Tax income/(expense) recognised in profit or loss	<u>(20)</u>	<u>457</u>
Effective rate (%)	<u>(0.4)</u>	<u>(153)</u>

The tax rate used for 2018 reconciliation above is the corporate tax rate of 30% and tertiary education tax at 2% payable by corporate entities in Nigeria on taxable profits under tax law in the country, for the year ended 30 September 2018.

19 **Basic earnings/(loss) per share**

Profit/(loss) for the year (Nm)	<u>165</u>	<u>(728)</u>	<u>4,381</u>	<u>(755)</u>
Number of shares (Million)	<u>390</u>	<u>390</u>	<u>390</u>	<u>390</u>
Earnings/(loss) per share (kobo)	<u>42.31</u>	<u>(186.67)</u>	<u>1,123.33</u>	<u>(193.59)</u>

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

20 Property, plant and equipment

	Leasehold land	Leasehold buildings	Assets leased	Motor vehicles and boats	Computer equipment	Furniture and fittings	Plant and equipment	Air Conditioners	Asset work in progress	Total
	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
i) Group										
Cost/valuation										
At 1 October 2016	863	581	113	63	14	20	267	21	-	1,942
Additions	-	-	-	-	3	-	7	1	-	11
Disposals	-	-	(3)	(4)	-	(1)	-	-	-	(8)
Reclassifications	-	-	-	-	-	(4)	4	-	-	-
Revaluation surplus (Note 35(ii))	63	7	-	-	-	-	-	-	-	70
At 30 September 2017	926	588	110	59	17	15	278	22	-	2,015
At 1 October 2017	926	588	110	59	17	15	278	22	-	2,015
Additions	-	1	-	1	7	5	1	2	-	17
Disposals	-	-	(1)	(3)	-	-	(2)	-	-	(6)
Adjustments (Note 20(vii))	-	-	-	-	-	-	-	-	56	56
Reclassifications (Note 22)	-	-	-	155	-	-	-	-	-	155
Revaluation surplus (Note 35(ii))	15	2	-	-	-	-	-	-	-	17
At 30 September 2018	941	591	109	212	24	20	277	24	56	2,254
Depreciation										
At 1 October 2016	-	-	99	63	12	15	168	18	-	375
Charge for the year	-	4	4	-	3	1	23	1	-	36
Disposals	-	-	(3)	(4)	-	(1)	-	-	-	(8)
Reclassifications	-	-	-	-	-	(4)	4	-	-	-
Write back on revaluation (Note 35(i))	-	(4)	-	-	-	-	-	-	-	(4)
At 30 September 2017	-	-	100	59	15	11	195	19	-	399
At 1 October 2017	-	-	100	59	15	11	195	19	-	399
Charge for the year	-	-	2	-	2	-	21	1	-	26
Disposals	-	-	-	(3)	-	-	(2)	-	-	(5)
Reclassifications (Note 22)	-	-	-	154	-	-	-	-	-	154
Write back on revaluation	-	-	-	-	-	-	-	-	-	-
At 30 September 2018	-	-	102	210	17	11	214	20	-	574
Carrying amount										
At 30 September 2018	941	591	7	2	7	9	63	4	56	1,680
At 30 September 2017	926	588	10	-	2	4	83	3	-	1,616

	Leasehold land	Leasehold buildings	Assets leased	Motor vehicles and boats	Computer equipment	Furniture and fittings	Plant and equipment	Air Conditioners	Asset work in progress	Total
	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
ii) Company										
Cost/valuation										
At 1 October 2016	341	224	112	63	13	20	254	19	-	1,046
Additions	-	-	-	-	3	-	7	1	-	11
Disposals	-	-	(3)	(4)	-	(1)	-	-	-	(8)
Reclassifications	-	-	-	-	-	(4)	4	-	-	-
Revaluation surplus (Note 35(ii))	30	-	-	-	-	-	-	-	-	30
At 30 September 2017	371	224	109	59	16	15	265	20	-	1,079
At 1 October 2017	371	224	109	59	16	15	265	20	-	1,079
Additions	-	-	-	1	7	3	-	2	-	13
Disposals	-	-	-	(3)	-	-	(2)	-	-	(5)
Adjustments (Note 20(vii))	-	-	-	-	-	-	-	-	56	56
Reclassifications (Note 22)	-	-	-	155	-	-	-	-	-	155
Revaluation surplus (Note 35(ii))	15	2	-	-	-	-	-	-	-	17
At 30 September 2018	386	226	109	212	23	18	263	22	56	1,315
Depreciation										
At 1 October 2016	-	-	99	63	11	15	160	16	-	364
Charge for the year	-	4	4	-	3	1	20	1	-	33
On disposals	-	-	(3)	(4)	-	(1)	-	-	-	(8)
Reclassifications	-	-	-	-	-	(4)	4	-	-	-
Write back on revaluation (Note 35(i))	-	(4)	-	-	-	-	-	-	-	(4)
At 30 September 2017	-	-	100	59	14	11	184	17	-	385
At 1 October 2017	-	-	100	59	14	11	184	17	-	385
Charge for the year	-	-	2	-	2	-	20	-	-	24
On disposals	-	-	-	(3)	-	-	(2)	-	-	(5)
Reclassifications (Note 22)	-	-	-	154	-	-	-	-	-	154
Write back on revaluation	-	-	-	-	-	-	-	-	-	-
At 30 September 2018	-	-	102	210	16	11	202	17	-	558
Carrying amount										
At 30 September 2018	386	226	7	2	7	7	61	5	56	757
At 30 September 2017	371	224	9	-	2	4	81	3	-	694

iii) **Valuation of properties**

Leasehold land and buildings were revalued by Messrs Knight Frank (Nigeria) Estate Surveyors & Valuers, Chartered Surveyors with Financial Reporting Council of Nigeria (FRCN) registration number FRC/2013/000000000584 on 30 September 2018 on market value basis using the Depreciated Replacement Cost Approach. The valuation produced a surplus of N17million (2017: surplus of N74million) which has been credited to property, plant and equipment revaluation reserve.

iv) **Assets pledged as security**

The Company has none of its assets pledged as security for liabilities or loans. (30 September 2017-The company's land and buildings were pledged as securities for the facility obtained from Standard Chartered Bank Nigeria Limited).

v) **Capital commitment**

The Group had no commitments for capital expenditure as at the statement of financial position date (2017: Nil) and no borrowing cost was capitalised in the current year (2017: Nil).

vi) There were no impairment losses recognized during the year (2017:nil).

vii) Adjustment represents Boat under construction being built for the purpose of generating future economic benefit.

21 Investment properties	Group		Company	
	2018 N'm	2017 N'm	2018 N'm	2017 N'm
At 1 October	4,622	5,419	2,177	2,720
Additions	4	2	1	2
Disposal	-	(843)	-	(567)
Fair value gain on revaluation (Note 13)	66	44	27	22
At 30 September	<u>4,692</u>	<u>4,622</u>	<u>2,205</u>	<u>2,177</u>

i) Investment properties comprise of land held currently by the Group for capital appreciation and buildings held for lease. All the properties are located in Nigeria.

ii) **Items of income and expense**

During the year N297million (2017: N185 million) was recognised in the consolidated statement of comprehensive income in relation to rental income from the investment properties. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to N72million (2017: N65million).

iii) **Restrictions and obligations**

There were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal at 30 September 2018. There are currently no obligations to construct or develop the existing investment properties. At 30 September 2018, there was no contractual obligation to purchase investment property.

iv) **Valuation of the investment properties**

Leasehold land and buildings were revalued by Messrs Knight Frank (Nigeria) Estate Surveyors & Valuers, Chartered Surveyors who hold a recognised and relevant professional qualification, and has recent experience in the location and category of the investment property being valued. The valuation was carried out on current open market valuation basis. The valuation produced a fair value gain of N66million (2017:N44 million).

v) **Fair value hierarchy**

'Open market basis', the valuation technique used in the determination of the fair value of Investment properties as at the reporting date is unobservable and categorised under level 3 of the fair value hierarchy.

22 Assets under finance lease	Group		Company	
	2018 N'm	2017 N'm	2018 N'm	2017 N'm
Cost				
At 1 October	224	250	224	250
Additions	-	-	-	-
Disposals	-	(26)	-	(26)
Reclassification (Note 22(ii))	<u>(155)</u>	<u>-</u>	<u>(155)</u>	<u>-</u>
At 30 September	<u>69</u>	<u>224</u>	<u>69</u>	<u>224</u>
Depreciation				
At 1 October	176	181	176	181
Charge for the year	16	21	16	21
Disposals	-	(26)	-	(26)
Reclassification (Note 22(ii))	<u>(154)</u>	<u>-</u>	<u>(154)</u>	<u>-</u>
At 30 September	<u>38</u>	<u>176</u>	<u>38</u>	<u>176</u>
Carrying amount				
At 30 September	<u>31</u>	<u>48</u>	<u>31</u>	<u>48</u>

- i) The group's assets under finance lease are those assets acquired by the company with facilities from Banks. The assets are used as securities for the loans.
- ii) Reclassification during the year represents assets under finance lease that the lease repayment has been completed and reclassified to property, plant and equipment.

23 Deferred taxation	2018 N'm	2017 N'm	2018 N'm	2017 N'm
i) Deferred tax assets				
At 1 October	-	1,298	-	1,298
Charge for the year	-	(2)	-	(2)
Write back in the year to profit or loss (Note 23 (iii))	-	(1,293)	-	(1,293)
On revaluation (Note 35(ii))	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>(3)</u>
At 30 September	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ii) Deferred tax liability				
At 1 October	(427)	(414)	-	-
Write back/(charge) for the year (Note 18(i))	<u>16</u>	<u>(13)</u>	<u>-</u>	<u>-</u>
At 30 September	<u>(411)</u>	<u>(427)</u>	<u>-</u>	<u>-</u>

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2017: 30%) and capital gains tax at the rate of 10% on fair value gains on investment properties and revaluation surplus on property, plant and equipment (2017:10%).

- iii) The deferred tax asset of N1.293billion; reported in the Company's audited financial statements up to September 2016 was derecognised in 2017, as a result of its accumulated losses and negative shareholders' funds in line with the provisions of IAS 12. The deferred tax asset may however be recognised at a future date, if the Company returns to profitability, and it is probable that taxable profits will be available, against which it can be utilised.
- iv) The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period:

	West African Drug Company Limited	John Holt Construction Limited	Holt Engineering Limited	HPL Limited	JALLC O Limited	Probyn Road Properties Nig. Ltd.	Africa Proper-ties (Nig.) Ltd	John Holt Agric. Engi-neers Ltd
<i>As at 30 September 2017</i>	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Total assets	1,064	5	2	5	5,580	2	798	196
Total liabilities	(83)	-	-	(1)	(751)	-	(98)	(35)
Equity	981	5	2	4	4,829	2	700	161
Percentage holding	100	100	100	100	100	100	100	100

25 Available-for-sale financial assets	Group		Company	
	2018 N'm	2017 N'm	2018 N'm	2017 N'm
i) Quoted Investments - Cost:				
United Bank for Africa Plc	1	1	1	1
Stanbic IBTC Holdings Plc	1	1	1	1
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

ii) The fair value of these financial assets as at the reporting date is as follow:

	N'm	N'm	N'm	N'm
Market value at the beginning of the year	6	6	6	6
Fair value loss (Note 36)	-	-	-	-
Market value at the end of the year	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

iii) The available-for-sale financial assets represent the Group's investments in listed securities on the Nigerian Stock Exchange. The investment is carried at fair value based on current bid price on the Nigerian Stock Exchange.

26 Fair value hierarchy

i) Group:				
30 September 2018	Level 1	Level 2	Level 3	Total fair
Available-for-sale financial assets				
Quoted equity securities	6	-	-	6
Unquoted equity securities	-	-	-	-
Balance at the end of the year	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
30 September 2017	Level 1	Level 2	Level 3	Total fair
Available-for-sale financial assets				
Quoted equity securities	6	-	-	6
Unquoted equity securities	-	-	-	-
Balance at the end of the year	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
ii) Company:				
30 September 2018	Level 1	Level 2	Level 3	Total fair value
Available-for-sale financial assets				
Quoted equity securities	6	-	-	6
Unquoted equity securities	-	-	-	-
Balance at the end of the year	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>

30 September 2017	Level 1	Level 2	Level 3	Total fair value
Available-for-sale financial assets				
Quoted equity securities	6	-	-	6
Unquoted equity securities	-	-	-	-
Balance at the end of the year	6	-	-	6

27 Inventories	Group		Company	
	2018 N'm	2017 N'm	2018 N'm	2017 N'm
Finished goods	76	213	76	213
Work- in- progress	3	59	3	59
Inventory in transit (Note 27(i))	44	-	44	-
	<u>123</u>	<u>272</u>	<u>123</u>	<u>272</u>
Provision for obsolescence	<u>(20)</u>	<u>(29)</u>	<u>(20)</u>	<u>(29)</u>
	<u>103</u>	<u>243</u>	<u>103</u>	<u>243</u>

(i) Inventory in transit represent generators sold yet to be delivered to the customer as at year end.

The carrying amount of the inventories is the lower of their costs and net realisable values as at the reporting date.

28 Trade and other receivables

	N'm	N'm	N'm	N'm
i) Trade receivables	221	84	221	84
Less:				
Provision for impairment of trade receivables	<u>(11)</u>	<u>(23)</u>	<u>(11)</u>	<u>(23)</u>
Trade receivables - net	<u>210</u>	<u>61</u>	<u>210</u>	<u>61</u>
Advances to staff	-	4	-	4
Total financial assets other than cash and cash equivalents	210	65	210	65
Prepayments	60	58	60	58
Other receivables - net (Note 28(ii))	<u>1,094</u>	<u>1,150</u>	<u>1,094</u>	<u>1,150</u>
	<u>1,364</u>	<u>1,273</u>	<u>1,364</u>	<u>1,273</u>
ii) Other receivables	N'm	N'm	N'm	N'm
Withholding tax receivable	1,708	1,625	1,708	1,625
Other debit balances	<u>26</u>	<u>165</u>	<u>26</u>	<u>165</u>
	<u>1,734</u>	<u>1,790</u>	<u>1,734</u>	<u>1,790</u>
Provision for withholding tax				
At 1 October	640	1,478	640	1,478
Additions	-	-	-	-
Write back (Notes 18(i) and 28(iii))	-	<u>(838)</u>	-	<u>(838)</u>
At 30 September	<u>640</u>	<u>640</u>	<u>640</u>	<u>640</u>
Other receivables - net	<u>1,094</u>	<u>1,150</u>	<u>1,094</u>	<u>1,150</u>

iii) Write back of provision during 2017 is in respect of withholding tax with credit note receipts. This is because these credit note receipts can be carried forward indefinitely.

	Group		Company	
	2018	2017	2018	2017
29 Cash and cash equivalents	N'm	N'm	N'm	N'm
Cash at bank	58	31	58	31
As per statement of financial	58	31	58	31
Bank overdrafts used for cash management purposes	-	-	-	-
As per statement of cashflows	58	31	58	31
30 Trade and other payables	N'm	N'm	N'm	N'm
Trade payables	240	78	238	78
Accruals and provisions	143	1,002	139	953
Deferred revenue	22	285	21	262
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities	405	1,365	398	1,293
Due to staff	194	184	194	184
Other payables	909	77	875	77
	1,508	1,626	1,467	1,554
31 Loans and borrowings	N'm	N'm	N'm	N'm
Current				
Bank loans (Note 31(i))	204	-	204	-
Finance lease (Note 31 (iii))	10	10	10	10
Others facilities (Note 31(ii(a)))	17	33	17	33
	231	43	231	43
Non-Current				
Bank loans	-	-	-	-
Finance lease (Note 31 (iii(b)))	33	43	33	43
	33	43	33	43
Total loans and borrowings	264	86	264	86

(i) Fidelity Bank Plc - Import Finance Facilities

The Company has the following multiple credit facilities with Fidelity Bank Plc as at 30 September 2018.

(a) Confirmation Line Facility/Import Overdraft of USD 3million only or its naira equivalent, N1.005billion at N335/1USD payable in 365 days with up to 240 days clean up cycle to facilitate the importation of the Company's products through letters of credit. The facility bears interest at 5% pre-negotiation and LIBOR plus 6.5% post negotiation for foreign currency(FCY) and 20% per annum for Local currency(LCY). Utilisation was USD1,637,068 (2017: EUR498,335) in foreign currency and N27million (2017: Nil) in local currency.

(b) Performance Bond/Bank Guarantee Facility of N300million to enable the Company obtain and execute Purchase Orders from selected principals and purchase generators from local suppliers. Utilisation was Nil during the year (2017: Nil).

(c) <u>Import Finance Facilities</u>	N'm	N'm	N'm	N'm
At 1 October	-	639	-	639
Additions during the year	978	-	978	-
Accrued interest in the year	37	75	37	75
Repayments during the year	(811)	(714)	(811)	(714)
At 30 September	204	-	204	-

The facilities are secured by:

- Corporate guarantee of John Holt & Company (Liverpool) Limited, United Kingdom supported by Board resolution authorizing the issuance of the Corporate Guarantee
- Irrevocable letter of domiciliation from contract principals

- Comprehensive insurance of goods financed under imports as well as Goods-in-Transit insurance to be brokered by FUSL Insurance Brokers with the Bank noted as first loss payee
- Lien on consignment of shipping documents to Fidelity which would be endorsed to customers on arrival of imported equipment.

ii) The Company obtained loan of N33million from a business partner for 90 days with a maturity date of 5 November 2018 and N16million was paid during the year. The loan bore interest at 16% per annum payable upfront with the option to pre-liquidate without penalty.

	Group		Company	
	2018 N'm	2017 N'm	2018 N'm	2017 N'm
a) At 1 October	33	-	33	-
Additions during the year	-	66	-	66
Accrued interest in the year	6	3	6	3
Repayments during the year	(22)	(36)	(22)	(36)
At 30 September	<u>17</u>	<u>33</u>	<u>17</u>	<u>33</u>
b) <u>Fidelity Bank Plc - Term loan</u>	N'm	N'm	N'm	N'm
At 1 October	-	166	-	166
Additions during the year	-	-	-	-
Accrued interest in the year	-	16	-	16
Repayments during the year	-	(182)	-	(182)
At 30 September	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
c) <u>Standard Chartered Bank Nigeria Limite</u>	N'm	N'm	N'm	N'm
At 1 October	-	258	-	258
Additions during the year	-	-	-	-
Accrued interest in the year	-	9	-	9
Repayments during the year	-	(267)	-	(267)
At 30 September	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

iii) **Fidelity Bank Plc-Lease Finance Facility**

The balance of N43million represents the outstanding balance in respect of the N55million Lease Finance Facility granted by Fidelity Bank Plc to finance the purchase of various vehicles being deployed to service the needs of the Company. The outstanding balance of the facility is payable in 32 months. The facility bore interest at 22% per annum at the statement of financial position date.

The facility is secured by the vehicles purchased with the facility.

a) <u>Finance lease</u>	N'm	N'm	N'm	N'm
At 1 October	53	-	53	-
Additions during the year	-	55	-	55
Accrued interest in the year	12	5	12	5
Repayments during the year	(22)	(7)	(22)	(7)
At 30 September	<u>43</u>	<u>53</u>	<u>43</u>	<u>53</u>
b) The finance lease is further broken down into:				
Current	10	10	10	10
Non-Current	33	43	33	43
	<u>43</u>	<u>53</u>	<u>43</u>	<u>53</u>
32 Employee benefits	N'm	N'm	N'm	N'm
Defined contribution plan (Note 32(i))	87	114	87	114
i) Defined contribution plan	N'm	N'm	N'm	N'm
At 1 October	114	149	114	149
Contributions during the year	38	32	38	32
Remittances during the year	(65)	(67)	(65)	(67)
At 30 September	<u>87</u>	<u>114</u>	<u>87</u>	<u>114</u>

ii) Defined benefit plan was discontinued effective 30 September 2015. Consequently the balance in the account was reclassified to current liabilities as amount due to staff as at 30 September 2016 as disclosed in note 30. As at 30 September 2018 the balance due to staff was N193million.

33 Related party transactions

Related parties include the Board of Directors, their close family members and companies which are controlled by these individuals.

John Holt Plc is a subsidiary of John Holt & Company (Liverpool) Ltd, United Kingdom which holds 51.45% of its issued share capital.

During the year, the Company carried out transactions with its parent Company and other related companies in the ordinary course of business.

The following balances resulted from transactions carried out with related parties during the year:

	N'm	N'm	N'm	N'm
Due from related party(Note 33 (iv))	<u>2,400</u>	<u>2,406</u>	<u>2,400</u>	<u>2,406</u>
Due to related party:				
- Due within one year from the end of the reporting period:				
Due to associate (Note 33 (ii))	28	24	28	24
Due to other related companies (Note 33 (v))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>28</u>	<u>24</u>	<u>28</u>	<u>24</u>
	N'm	N'm	N'm	N'm
- Due after one year from the end of the reporting period:				
Due to subsidiary companies (Note 33 (i))	-	-	-	4,284
Due to Parent company (Note 33 (iii))	<u>4,718</u>	<u>4,837</u>	<u>4,722</u>	<u>4,837</u>
	<u>4,718</u>	<u>4,837</u>	<u>4,722</u>	<u>9,121</u>
	N'm	N'm	N'm	N'm
i) Due to subsidiary companies				
Holt Engineering Limited	-	-	-	2
West African Drug Company Limited	-	-	-	390
HPL Limited	-	-	-	5
Probyn Road Properties Nig. Limited	-	-	-	2
Africa Properties (Nig.) Limited	-	-	-	30
JALLCO Limited	-	-	-	3,654
John Holt Agric. Engineers Limited	-	-	-	196
John Holt Construction Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,284</u>

	Group		Company	
	2018	2017	2018	2017
ii) Due to associate company	N'm	N'm	N'm	N'm
YMNL Limited	<u>28</u>	<u>24</u>	<u>28</u>	<u>24</u>
iii) Due to related party				
John Holt & Company (Liverpool) Ltd (UK)	<u>4,718</u>	<u>4,837</u>	<u>4,722</u>	<u>4,837</u>
iv) Due from related party				
John Holt & Company (Liverpool) Ltd (UK)	<u>2,400</u>	<u>2,406</u>	<u>2,400</u>	<u>2,406</u>

During the year, the Company purchased goods worth N1,029million (2017: N321million) from the parent company.

- v) During the year, the Company made sales and maintenance of generators and air-conditioners amounting to N3,292,734 (2017: N20,621,287) on normal commercial terms to Christopher University, an educational institution established by the Chairman of the Company. No balance is outstanding as receivable from the Institution as at 30 September 2018.

34 Share Capital

Authorised:	N'm	N'm	N'm	N'm
Value				
Ordinary shares of 50k each	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
	No.'m	No.'m	No.'m	No.'m
Number				
Ordinary shares of 50k each	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>
Issued and fully paid	N'm	N'm	N'm	N'm
Value				
Ordinary shares of 50k each	<u>195</u>	<u>195</u>	<u>195</u>	<u>195</u>
	No.'m	No.'m	No.'m	No.'m
Number				
Ordinary shares of 50k each	<u>390</u>	<u>390</u>	<u>390</u>	<u>390</u>
35 Property revaluation reserve	N'm	N'm	N'm	N'm
i) At 1 October	528	457	379	348
Revaluation surplus net of tax (Note 35(ii))	<u>17</u>	<u>71</u>	<u>17</u>	<u>31</u>
At 30 September	<u>545</u>	<u>528</u>	<u>396</u>	<u>379</u>
ii) Surplus on revaluation of property, plant and equipment (net of tax) as reported in Other Comprehensive Income (OCI) is as follows:				
	N'm	N'm	N'm	N'm
Revaluation surplus(Note 20)	17	70	17	30
Depreciation written back on revaluation (Note 20)	-	4	-	4
Total revaluation surplus for the year	<u>17</u>	<u>74</u>	<u>17</u>	<u>34</u>
Deferred tax on revaluation (Note 23(i))	-	(3)	-	(3)
At 30 September	<u>17</u>	<u>71</u>	<u>17</u>	<u>31</u>
36 Available-for-sale financial assets				
revaluation reserve	N'm	N'm	N'm	N'm
At 1 October	5	5	5	5
Fair value loss for the year (Note 25(ii))	-	-	-	-
At 30 September	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

	Group		Company	
	2018	2017	2018	2017
37 Revenue reserve	N'm	N'm	N'm	N'm
At 1 October	1,897	2,625	(4,612)	(3,857)
Profit/(loss) after taxation	<u>165</u>	<u>(728)</u>	<u>4,381</u>	<u>(755)</u>
At 30 September	<u>2,062</u>	<u>1,897</u>	<u>(231)</u>	<u>(4,612)</u>

38 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.

i) Directors' emoluments

Remuneration paid to the Company's Directors (excluding pension contribution) were:

	Group		Company	
	2018	2017	2018	2017
Fees:	N'm	N'm	N'm	N'm
- Chairman	0.08	0.08	0.08	0.08
- Other Directors	0.05	0.06	0.05	0.06
Sitting allowance	0.72	0.80	0.72	0.80
Executive compensation	12.40	12.40	12.40	12.40
Other Directors' expenses	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>
	<u>19.25</u>	<u>19.34</u>	<u>19.25</u>	<u>19.34</u>

ii) Fees and other emoluments

(excluding reimbursable expenses disclosed above include amount paid

	N'm	N'm	N'm	N'm
Chairman	0.56	0.56	0.56	0.56
Highest paid director	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
	<u>7.56</u>	<u>7.56</u>	<u>7.56</u>	<u>7.56</u>

The number of Directors (including the Chairman and the highest paid Director) who received fees and emoluments (excluding pension contributions) in the following ranges was:

'N	N	Number	Number	Number	Number
100,001 -	200,000	-	-	-	-
200,001 -	300,000	1	-	1	-
300,001 -	400,000	-	1	1	1
400,001 -	600,000	1	1	1	1
5,000,001 -	6,000,000	1	1	1	1
6,000,001 -	7,000,000	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The number of directors who received emoluments

	<u>4</u>	<u>4</u>	<u>5</u>	<u>4</u>
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The number of directors who did not receive emoluments

	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
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39 Employees

i) Number of persons employed during the year:

	Number	Number	Number	Number
Management staff	6	10	6	10
Senior staff	71	69	71	69
Non-managers	<u>69</u>	<u>71</u>	<u>69</u>	<u>71</u>
	<u>146</u>	<u>150</u>	<u>146</u>	<u>150</u>

	Group		Company	
	2018	2017	2018	2017
ii) Employees' costs:	N'm	N'm	N'm	N'm
Salaries, wages, medical and welfare	152	146	152	146
Defined benefit plan	-	-	-	-
Defined contribution plan	18	17	18	17
	<u>170</u>	<u>163</u>	<u>170</u>	<u>163</u>
iii) The number of employees of the Group including Directors whose emoluments (excluding allowances and pension contributions) during the year were within the bands stated below:				
N	N	Number	Number	Number
100,000 -	500,000	123	131	123
500,001 -	1,000,000	12	11	12
1,000,001 -	1,500,000	5	1	5
1,500,001 -	2,000,000	-	1	-
2,000,001 -	2,500,000	1	1	1
2,500,001 -	5,000,000	3	3	3
5,000,001 -	6,000,000	1	1	1
6,000,001 -	7,000,000	1	1	1
		<u>146</u>	<u>150</u>	<u>146</u>
				<u>150</u>
40 Reconciliation of net profit/(loss) to net cash generated by operating activities				
Cash flows from operating activities	N'm	N'm	N'm	N'm
Profit/(loss) after tax	165	(728)	4,381	(755)
Adjustment for:				
Depreciation of property, plant and equipment	26	36	24	33
Depreciation of assets under finance lease	16	21	16	21
Property, plant and equipment adjustment	(56)	-	(56)	-
Write back of provision for WHT with credit note receipts no longer required	-	838	-	838
Finance costs	55	114	55	114
Finance income	-	(6)	-	(6)
Fair value on investment property	(66)	(44)	(27)	(22)
Accrued interest in the year	55	108	55	108
Profit on disposal of property, plant and equipment	(1)	(2)	(1)	(2)
Profit on disposal of investment properties	-	(33)	-	(13)
Investment in subsidiary	-	-	-	(5)
Income tax expense	(5)	505	(20)	457
Income tax paid	(6)	(16)	(1)	(8)
	<u>183</u>	<u>793</u>	<u>4,426</u>	<u>760</u>
Changes in:				
Inventories	140	109	140	109
Trade and other receivables	(91)	(596)	(91)	(596)
Due from related party	6	95	6	95
Due to related parties	(115)	(14)	(4,395)	288
Employee benefits	(27)	(35)	(27)	(35)
Dividend payable	-	(4)	-	(4)
Trade and other payables	(118)	(162)	(87)	(135)
	<u>(205)</u>	<u>(607)</u>	<u>(4,454)</u>	<u>(278)</u>
Cash (outflow)/inflow from operating activities	<u>(22)</u>	<u>186</u>	<u>(28)</u>	<u>482</u>

41 Capital Commitments

The directors are of the opinion that there were no capital commitments at 30 September 2018 (2017 -

42 Contingent Liabilities

- (a) There were contingent liabilities in respect of legal actions against the Company, the monetary amount of which cannot be quantified. No provision has been made in these financial statements in respect of the legal actions as the directors, having taken legal advice, do not believe that any material liability will eventually be borne by the Company.
- (b) The Lagos State Internal Revenue Service has carried out a tax audit on the Company's financial statements for the year 2015 and tax assessment of N71,707,822 was served on the Company. A reconciliation meeting on the tax audit findings is in progress. The Company's ultimate exposure to tax liability is dependent on the final outcome of the tax audit.

43 Events after reporting period

- (a) No events or transactions have occurred since 30 September 2018 which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order not to make them misleading as to the financial position or results of operations at 30 September 2018.

44 Comparative figures

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

JOHN HOLT PLC
CONSOLIDATED STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 30 SEPTEMBER 2018
OTHER NATIONAL DISCLOSURE

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	Group				Company			
	2018 N'm	%	2017 N'm	%	2018 N'm	%	2017 N'm	%
Revenue	2,674		2,287		2,654		2,262	
Other income	4,471		163		4,432		101	
	7,145		2,450		7,086		2,363	
Less: Costs of products, services and leases								
- Local	(5,378)		(1,896)		(1,120)		(1,887)	
- Imported	(1,342)		(445)		(1,342)		(445)	
Value added	425	100	109	100	4,624	100	31	100
Value added as a percentage of revenue	16%		5%		174%		1%	
Applied as follows:								
To pay employees								
Salaries, allowances and other benefits	170	40	163	147	170	4	163	526
To pay government:								
Income tax	11	3	(803)	(723)	(20)	-	(838)	(2,703)
To pay providers of capital:								
Finance costs	53	12	112	103	53	1	112	361
To provide for replacement of assets and future expansion of business:								
- Deferred tax	(16)	(4)	1,308	1,179	-	-	1,295	4,177
- Depreciation of property, plant and equipment and assets under finance lease	42	10	57	50	40	1	54	174
- Results for the year	165	39	(728)	(656)	4,381	94	(755)	(2,435)
Value added	425	100	109	100	4,624	100	31	100

Value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, government and that retained for the future creation of more wealth.

	Group				
	2018	2017	2016	2015	2014
	N'm	N'm	N'm	N'm	N'm
Statement of financial position					
Non-current assets	6,409	6,292	8,359	8,971	8,981
Current assets	3,925	3,953	3,726	1,950	2,278
Current liabilities	(2,365)	(2,313)	(3,618)	(3,168)	(3,860)
Non-current liabilities	(5,162)	(5,307)	(5,185)	(4,565)	(4,060)
Total net assets	2,807	2,625	3,282	3,188	3,339
Equity					
Share capital	195	195	195	195	195
Revaluation reserve	545	528	457	529	1,492
Available-for-sale-reserve	5	5	5	6	9
Reserve on actuarial valuation of defined benefit plan	-	-	-	90	90
Revenue reserve	2,062	1,897	2,625	2,368	1,553
Total equity	2,807	2,625	3,282	3,188	3,339
Statement of comprehensive income					
Revenue	2,674	2,287	2,665	2,425	2,815
Profit/(loss) before taxation	160	(223)	204	(171)	427
Current tax (expense)/income	(11)	803	(99)	(57)	127
Deferred tax credit/(charge)	16	(1,308)	(8)	(26)	37
Profit/(loss) for the year	165	(728)	97	(254)	591
Other comprehensive income/(loss)	17	71	(3)	96	718
Total comprehensive income/(loss)	182	(657)	94	(158)	1,309
Basic earnings/(loss) per share (Kobo)	42.31	(186.67)	24.87	(65.13)	151.54
Net assets per share (Kobo)	719.74	673.08	841.54	817.44	856.15

Basic earnings/(loss) per ordinary share are based on the profit/(loss) after taxation divided by the number of issued and fully paid N0.50 ordinary shares at the end of each financial year.

Net assets per ordinary share are based on the net assets divided by the number of issued and fully paid N0.50 ordinary shares at the end of each financial year.

	Company				
	2018	2017	2016	2015	2014
	N'm	N'm	N'm	N'm	N'm
Statement of financial position					
Non-current assets	3,024	2,950	4,795	4,728	4,836
Current assets	3,925	3,953	3,726	1,950	2,278
Current liabilities	(1,829)	(1,772)	(3,077)	(2,640)	(6,645)
Non-current liabilities	(4,755)	(9,164)	(8,753)	(7,650)	(3,773)
Total net liabilities	365	(4,033)	(3,309)	(3,612)	(3,304)
Equity					
Share capital	195	195	195	195	195
Revaluation reserve	396	379	348	410	384
Available-for-sale-reserve	5	5	5	6	9
Reserve on actuarial valuation of defined benefit plan	-	-	-	90	90
Revenue reserve	(231)	(4,612)	(3,857)	(4,313)	(3,982)
Total equity	365	(4,033)	(3,309)	(3,612)	(3,304)
Statement of comprehensive income					
Revenue	2,654	2,262	2,619	2,379	2,768
Profit/(loss) before taxation	4,361	(298)	311	(311)	266
Current tax (expense)/income	20	838	(11)	(2)	-
Deferred tax credit/(charge)	-	(1,295)	(4)	(18)	(20)
Profit/(loss) for the year	4,381	(755)	296	(331)	246
Other comprehensive income	17	31	7	23	139
Total comprehensive income/(loss)	4,398	(724)	303	(308)	385
Basic earnings/(loss) per share (Kobo)	1,123.33	(193.59)	75.90	(84.87)	63.08
Net assets/ (liabilities) per share (Kobo)	93.59	(1,034.10)	(848.46)	(926.15)	(847.18)

Basic earnings/(loss) per ordinary share are based on the profit/(loss) after taxation divided by the number of issued and fully paid N0.50 ordinary shares at the end of each financial year.

Net liabilities per ordinary share are based on the net (liabilities)/assets divided by the number of issued and fully paid N0.50 ordinary shares at the end of each financial year.