



SCOA NIGERIA PLC
[RC: 6293]

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER, 2018**



Independent Auditor's Report To the Shareholders of SCOA Nigeria Plc

Opinion

We have audited the consolidated financial statements of SCOA Nigeria Plc ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December, 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements gives a true and fair view in all material respects, the consolidated financial position of the Group at 31 December, 2018 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs), the Companies and Allied Matters Act, CAP C20 LFN 2004, and the Financial Reporting Council Act No. 6, 2011.

Basis for Opinion

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

Key Audit Matters

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

1 Borrowing costs	How the matters were addressed in the audit
Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. The group operates both short and long term borrowings. We identified borrowing costs as representing a key audit matter due to the huge borrowings from commercial banks of which there are negative pledge on the company's assets as well as loan restructuring from Ecobank and FCMB to write off N1.026billion and N240million accumulated interest respectively.	Our audit procedures included but not limited to: . Agreeing the various Loans and Interest schedules to the ledgers. . Obtaining the relevant documents and correspondences between the banks and the company to support the loan restructuring. . Obtaining other supporting documents of the different loan agreements. Our audit test, including the review of the respective loan agreements and loan restructuring agreement did not reveal any material misstatements.

Other information than the Financial Statements and Audit Report thereon

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

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

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



Responsibilities of the Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other Legal and Regulatory Requirements

In accordance with Schedule 6 of the Companies and Allied Matters Act CAP C20 LFN, 2004 we expressly state 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, so far as it appears from our examination of those books; and
- (iii) The Company's consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Lagos, Nigeria
29 March, 2019



Everestus U. Itodo, FCA
FRC/2013/ICAN/00000002513
For: BBC PROFESSIONALS
Chartered Accountants

SCOA NIGERIA PLC

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income For the year ended 31 December, 2018

	Notes	The Group		The Company	
		2018 N'000	2017 N'000	2018 N'000	2017 N'000
Continuing operations					
Revenue	8	2,451,366	1,798,582	920,197	1,798,351
Cost of sales	9	(1,617,259)	(1,368,039)	(642,750)	(1,368,022)
Gross profit		834,107	430,543	277,447	430,329
Other income	10	1,068,780	492,694	970,418	492,694
Distribution costs	11	(77,548)	(56,352)	(11,697)	(56,352)
Administrative expenses	12	(998,557)	(1,612,798)	(423,771)	(1,604,684)
Operating profit/(loss)		826,782	(745,913)	812,397	(738,013)
Finance income	13	65,502	-	65,502	-
Finance costs	14	(1,399,888)	(1,151,257)	(1,395,785)	(1,151,257)
Loss before taxation		(507,604)	(1,897,170)	(517,886)	(1,889,270)
Income tax write back/(expense)	15.1	461,725	(12,131)	461,725	(10,983)
Loss for the year from operations		(45,880)	(1,909,301)	(56,161)	(1,900,253)
Other comprehensive loss					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement loss on defined benefit plans	29.4	(21,689)	(4,447)	(21,689)	(4,447)
Other comprehensive loss for the year		(21,689)	(4,447)	(21,689)	(4,447)
Total comprehensive loss for the year		(67,569)	(1,913,748)	(77,850)	(1,904,700)
Total loss attributable to:					
Equity holders of the parent		(45,939)	(1,904,346)	(56,161)	(1,900,253)
Non-controlling interests	19	60	(4,955)	-	-
		(45,880)	(1,909,301)	(56,161)	(1,900,253)
Total comprehensive loss attributable to:					
Equity holders of the parent		(67,629)	(1,908,793)	(77,850)	(1,904,700)
Non-controlling interests		60	(4,955)	-	-
Loss for the year		(67,569)	(1,913,748)	(77,850)	(1,904,700)
Loss earnings per share from operations:					
Basic/diluted loss per share (Naira)	16	(0.07)	(2.94)	(0.09)	(2.92)

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

SCOA NIGERIA PLC

Consolidated Statement Of Financial Position

As at 31 December, 2018

	Notes	The Group		The Company	
		2018 N'000	2017 N'000	2018 N'000	2017 N'000
Assets					
Non-current assets					
Property, plant and equipment	17	6,844,155	7,167,765	5,422,597	5,744,002
Investment in subsidiary	18	-	-	567,292	555,292
Deferred tax	15.4	595,566	674,181	-	674,181
Total non-current asstes		7,439,721	7,841,946	5,989,889	6,973,475
Current assets					
Inventories	20	2,033,744	2,149,492	1,749,262	2,042,268
Trade and other receivables	22	3,020,482	2,490,737	3,753,953	2,713,262
Other current assets	23	496,810	369,464	491,381	369,467
Cash and cash equivalents	24	32,535	37,991	26,012	37,193
Total current assets		5,583,571	5,047,684	6,020,608	5,162,190
Total assets		13,023,292	12,889,630	12,010,497	12,135,665
Equity					
Share capital	25.2	324,913	324,913	324,913	324,913
Share premium	26	194,405	194,405	194,405	194,405
Revaluation reserves	27	4,224,807	4,224,807	4,146,484	4,146,484
Retained loss	28	(3,651,774)	(2,644,769)	(3,582,286)	(2,560,821)
Equity attributable to equity holder of the parent		1,092,351	2,099,356	1,083,516	2,104,981
Non-controlling interest	19	573,967	574,027	-	-
Total equity		1,666,318	2,673,383	1,083,516	2,104,981
Non-current liabilities					
Non-current borrowings	31.2	4,713,471	1,879,486	4,713,471	1,879,486
Defined benefit plan	29.2	98,543	67,799	54,604	67,799
Deferred tax	15.4	-	553,828	105,723	472,705
Total non-current liabilities		4,812,014	2,501,113	4,873,798	2,419,990
Current liabilities					
Advances from customers	21	843,259	548,865	843,259	548,865
Trade and other payables	30	2,333,716	2,022,057	1,906,002	1,925,669
Current borrowings	31.1	3,335,339	5,115,197	3,280,456	5,115,197
Current tax payable	15.3	32,646	29,015	23,466	20,963
Total current liabilities		6,544,960	7,715,134	6,053,183	7,610,694
Total liabilities		11,356,974	10,216,247	10,926,981	10,030,684
Total equity and liabilities		13,023,292	12,889,630	12,010,497	12,135,665

These consolidated financial statements were approved by the board of Directors on 28 March, 2019 and signed on its behalf by:



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



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



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

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

SCOA NIGERIA PLC

Consolidated Statement Of Changes In Equity

For the year ended 31 December, 2018

	Issued share capital N'000	Share premuim N'000	Retained earnings N'000	Revaluation reserves N'000	Total N'000	Non controlling interest N'000	Total equity N'000
The Group							
Attributable to equity holders of the Group							
At 1 January, 2017	324,750	194,405	(735,976)	4,224,807	4,007,986	578,982	4,586,968
Loss for the year	-	-	(1,904,346)	-	(1,904,346)	(4,955)	(1,909,301)
Other comprehensive income	-	-	(4,447)	-	(4,447)	-	(4,447)
Total comprehensive loss	-	-	(1,908,793)	-	(1,908,793)	(4,955)	(1,913,748)
Addition during the year	163	-	-	-	163	-	163
At 31 December, 2017	324,913	194,405	(2,644,769)	4,224,807	2,099,356	574,027	2,673,383
At 1 January, 2018	324,913	194,405	(2,644,769)	4,224,807	2,099,356	574,027	2,673,383
Prior year adjustment	-	-	(939,436)	-	(939,436)	-	(939,436)
Loss for the year	-	-	(45,880)	-	(45,880)	(60)	(45,940)
Other comprehensive loss	-	-	(21,689)	-	(21,689)	-	(21,689)
Total comprehensive loss in the year	-	-	(3,651,774)	-	1,092,351	573,967	1,666,318
At 31 December, 2018	324,913	194,405	(3,651,774)	4,224,807	1,092,351	573,967	1,666,318

SCOA NIGERIA PLC

Consolidated Statement Of Changes In Equity

For the year ended 31 December, 2018

	Issued share capital N'000	Share premuim N'000	Retained earnings N'000	Revaluation reserves N'000	Total equity N'000
The Company					
Attributable to equity holders of the Company					
At 1 January, 2017	324,750	194,405	(656,121)	4,146,484	4,009,518
Loss for the year	-	-	(1,900,253)	-	(1,900,253)
Other comprehensive loss	-	-	(4,447)	-	(4,447)
Total comprehensive loss	-	-	(1,904,700)	-	(1,904,700)
Addition during the year	163	-	-	-	163
At 31 December, 2017	324,913	194,405	(2,560,821)	4,146,484	2,104,981
At 1 January, 2018	324,913	194,405	(2,560,821)	4,146,484	2,104,981
Prior year adjustment	-	-	(943,615)	-	(943,615)
Loss for the year	-	-	(56,161)	-	(56,161)
Other comprehensive loss	-	-	(21,689)	-	(21,689)
Total comprehensive loss in the year	-	-	(3,582,286)	-	1,083,516
At 31 December, 2018	324,913	194,405	(3,582,286)	4,146,484	1,083,516

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

Consolidated Statement Of Cash Flows

For the year ended 31 December, 2018

	Notes	The Group		The Company	
		2018 N'000	2017 N'000	2018 N'000	2017 N'000
Cash flows from operating activities					
Loss for the year		(67,569)	(1,913,748)	(77,850)	(1,904,700)
Adjustment for:					
Depreciation of property, plant and equipment	17	232,471	285,382	230,267	281,608
Finance costs	14	1,399,888	1,151,257	1,395,785	1,151,257
Finance income		(65,502)	-	(65,502)	-
Impairment on trade and other receivables	22	-	154,301	-	154,301
Foreign exchange gain	10	(53,591)	-	(53,591)	-
Prior year adjustment	18	(939,436)	-	(943,615)	-
Loss/(profit) on disposal of property, plant and equipment	17	21,449	(2,300)	21,449	(2,300)
Remeasurement gains on define benefit plans		(21,689)	(4,447)	(21,689)	(4,447)
Provision no longer required		861,911		861,911	
Adjustment on stock transfer	17	-	1,220	-	1,220
Movement in non-controlling interest	19	60	(4,955)	-	-
Income tax expense	15.1	-	12,131	-	10,983
		1,367,992	(321,159)	1,347,165	(312,078)
Changes:					
Changes in Inventories		115,748	255,095	293,006	255,094
Changes in Trade and other receivables		(529,745)	85,597	(1,040,691)	85,019
Changes in Other current assets		(127,346)	50,327	(121,914)	50,323
Changes in Trade and other payables		2,561,096	209,792	3,000,521	201,577
Changes in Advances from customers		294,394	123,627	294,394	123,627
Changes in Gratuity		30,744	7,009	(13,195)	7,009
		3,712,883	410,288	3,759,286	410,571
Income taxes paid	15.3	(10,983)	(46,285)	(10,983)	(46,285)
Net cash generated from operating activities		3,701,900	364,003	3,748,304	364,286
Purchase of property plant and equipment	17.2	(28,773)	(1,546)	(28,773)	(1,546)
Proceeds from sale of property, plant and equipment		64,931	2,300	64,931	2,300
Net cash generated from investing activities		36,158	754	36,158	754
Finance costs		(1,399,888)	(1,151,257)	(1,395,785)	(1,151,257)
Finance income		65,502	-	65,502	-
Decrease in current borrowings		(1,779,858)	(620,837)	(1,834,741)	(620,837)
(Decrease)/increase in Non-current borrowings		2,833,985	(665,139)	2,833,985	(665,139)
Increase in share capital		-	163	-	163
Net Cash used in financing activities		(280,259)	(2,437,070)	(331,039)	(2,437,070)
Net increase/(decrease) in cash and cash equivalents		3,457,800	(2,072,313)	3,453,424	(2,072,030)
Cash and cash equivalents at 1 January		(3,392,913)	(1,320,600)	(3,393,711)	(1,321,681)
Cash and cash equivalents at 31 December	24	64,887	(3,392,913)	59,713	(3,393,711)

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

1 The reporting entity

1.1 Legal form

SCOA Nigeria Plc was established and commenced business as a private company in 1926 and incorporated as a limited liability company in 1969 with a registration number of RC 6293. The company was listed on the Nigerian Stock Exchange in 1977 and has since attained the status of a public limited liability company (Plc) with its shares continue to be traded on the Nigerian Stock Exchange. The company is domiciled in Nigeria.

1.2 Corporate office

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

1.3 Principal activity

The principal activities of SCOA Nigeria Plc include the distribution, maintenance and leasing of motor vehicles, assembling, sales and servicing of power generators, sales and servicing of earth-moving and construction equipment, road construction, industrial compressors, agricultural agricultural tractors, machinery and implements. There was no change in the activities of the Group during 2018.

2 Basis of preparation

2.1 Statement of compliance with IFRSs

The consolidated financial statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

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

2.2 Basis of measurement

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention except for financial instruments measured at fair value. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate the group's financial statements presents the financial position and results fairly.

2.3 Functional and presentation currency

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

2.4 Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

2.5 Going concern status

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

2.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of the SCOA Nigeria Plc and its subsidiaries as at 31 December, 2018.

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

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

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

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

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

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

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

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

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

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

2.7 Accounting estimates and judgement

The group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the profit or loss and other comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both the estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities in the next consolidated financial statements are discussed below:

a. Asset useful lives and residual values:

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

b. Taxes

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

c. Provisions/contingencies

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

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

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

d. Impairment of financial assets

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

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

e. Employee benefit obligations

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

f. Non-current assets held for sale

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

g. Allowances on trade receivables

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

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

2.8 New standards, interpretations and amendments to existing standards that are not yet effective

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

a. IFRS 16 'Leases'

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

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

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

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

a. Amendments to IFRS 9 Financial Instruments

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

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

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

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

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

Associates and Joint Ventures

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

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

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

3. Summary of significant accounting policies

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

3.1 Investments in subsidiaries

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

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

Control is usually present when an entity has:

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

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

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

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

3.2 Investment in an associate

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

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

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

The profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The share of profit of an associate is shown on the face of the statement of profit or loss and other comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting year as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the profit or loss.

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

3.3 Fair value measurement

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

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

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

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

3.4 Foreign currency translation

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. All subsidiaries and associates are domiciled in Nigeria. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

3.5

Revenue

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

3.5.1

Sale of goods

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

3.5.2

Interest income

For all financial instruments measured at amortised cost, interest income or expense is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the profit or loss.

3.5.3

Construction Contracts

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

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

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

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

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

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

Assets covered by a single contract are treated separately when:

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

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

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

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

3.6 Taxation

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

3.6.1 Current income tax

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

3.6.2 Deferred taxation

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3.6.3 Value added tax (VAT)

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

SCOA NIGERIA PLC

Notes to the Consolidated financial statements

For the year ended 31 December, 2018

3.6.4 Withholding tax

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

3.6.5 Capital gains tax

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

3.7 Property, plant and equipment

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

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

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

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

Construction assets in progress and freehold land are not depreciated.

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

3.8 Cash and cash equivalents

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

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

3.9 Inventories

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

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

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

3.10 Leases

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

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

Group as a lessor

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

3.11 Impairment of non-current assets

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

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

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

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

3.12 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

3.12.1 Contingent liabilities

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

3.13 Borrowing Costs

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

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

3.14 Employee benefits

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

3.14.1 Defined contribution plan: Pension

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

3.14.2 Defined benefit plan

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

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

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

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

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

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

3.14.3 Termination benefits

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

3.14.4 Short term employee benefits:

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

3.15 Financial Assets

3.15.1 Initial recognition

The Group's financial assets include cash and short-term deposits, trade and other receivables, and employee loans and receivable and are recognised when the Group becomes party to the contract.

Financial assets are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition of the asset.

3.15.2 Subsequent measurement

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

3.15.2.1 Financial assets measured at amortized cost

a. Loans and receivables

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

b. Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The Group deploys age analysis tools to track the payment pattern of customers.

The amount of the provision for impairment of trade receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss within 'other operating expenses'. The carrying amount of the asset is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'other operating expenses' in profit or loss. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in profit or loss.

3.15.3 Financial assets - De-recognition

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

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

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

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

3.15.4 Impairment of financial assets

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

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

3.15.4.1 Impairment of financial assets carried at amortised cost

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

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

3.16 Financial liabilities**3.16.1 Initial recognition**

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

3.16.2 Subsequent measurement

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

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

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

3.16.2.1 Trade payables

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

3.16.3 Financial liabilities - De-recognition

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

3.16.4 Offsetting financial instruments

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

3.17 Dividend**3.17.1 Dividend distributions**

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

3.17.2 Unclaimed dividend

Unclaimed dividends are amounts payable to shareholders in respect of dividend previously declared by the Group, which have remained unclaimed by the shareholders. In compliance with Section 385 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, unclaimed dividends after twelve years are transferred to retained earnings.

3.18 Earnings per share

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

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

3.19 Share capital

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

3.20 Share issue costs

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

3.21 Key management personnel

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

4 Financial risk management

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

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

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers.

Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

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

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

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

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

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

4.1 Strategic risks

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

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

Approach to capital management

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

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

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

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

4.2 Operational risks

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

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

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

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

4.3 Financial risks

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

- Credit risks
- Market risks
- Liquidity risks

4.3.1 Credit risk:

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

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

(I) Exposure to credit risk

The carrying amount of financial assets that represents credit risk at the end of the reporting period was as follows:

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Financial assets				
Investment in subsidiaries	-	-	567,292	555,292
Trade and other receivables	3,020,482	2,490,737	3,753,953	2,713,262
Cash and cash equivalents	32,535	37,991	26,012	37,193
	3,053,017	2,528,728	4,347,257	3,305,747

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

An analysis of trade receivables:

	Total N'000	Past due but not impaired				
		0-30 days N'000	31-60 days N'000	61-90days N'000	91-365 days N'000	> 365 days N'000
The Group						
2018						
Trade receivables	<u>3,020,482</u>	<u>10,072</u>	<u>6,567</u>	<u>112,725</u>	<u>10,373</u>	<u>2,511,723</u>
2017						
Trade receivables	<u>3,116,610</u>	<u>26,025</u>	<u>7,253</u>	<u>618,048</u>	<u>120,554</u>	<u>2,344,730</u>
The Company						
2018						
Trade receivables	<u>3,753,953</u>	<u>10,072</u>	<u>6,567</u>	<u>112,725</u>	<u>10,373</u>	<u>3,245,193</u>
2017						
Trade receivables	<u>3,027,972</u>	<u>26,025</u>	<u>7,253</u>	<u>618,048</u>	<u>120,554</u>	<u>2,256,092</u>

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 31 December 2018, the Group had 35 customers (2017 : 35 customers) that owed the Group more than N1,000,000 each and accounted for approximately 85% (2017 : 85%) of all receivables owing. The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

4.3.2 Market risk

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

a) Interest rate risk

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

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

b) Foreign currency risk

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

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

c) Equity price risk

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

4.3.3 Liquidity risk

The group maintains sufficient amount of cash for its operations. Management review cashflow forecasts on a regular basis to determine whether the group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The group also makes use of overdraft banking facilities, N2.7 billion (2017 : N3.4billion) which is used as an additional means of easing liquidity risk when considered necessary.

Worthy of note is that in the year under review, the group's trade payables of N980 million (2017: N1.15 billion) decreased by 17%. This was as a result of the group's ability to pay its suppliers, and reduced purchases in the year.

Contractual maturity analysis for financial liabilities:

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

	Due within one year N'000	Due after one year N'000	Total N'000
The Group			
2018			
Financial liabilities			
Trade and other payables	2,333,716	-	2,333,716
Short term borrowings	3,335,339	-	3,335,339
Long term borrowings	-	4,713,471	4,713,471
	<u>5,669,055</u>	<u>4,713,471</u>	<u>10,382,525</u>
2017			
Trade and other payables	2,022,057	-	2,022,057
Short term borrowings	5,115,197	-	5,115,197
Long term borrowings	-	1,879,486	1,879,486
	<u>7,137,254</u>	<u>1,879,486</u>	<u>9,016,740</u>
The Company			
2018			
Financial liabilities			
Trade and other payables	1,906,002	-	1,906,002
Short term borrowings	3,280,456	-	3,280,456
Long term borrowings	-	4,713,471	4,713,471
	<u>5,186,458</u>	<u>4,713,471</u>	<u>9,899,929</u>
2017			
Trade and other payables	1,925,669	-	1,925,669
Short term borrowings	5,115,197	-	5,115,197
Long term borrowings	-	1,879,486	1,879,486
	<u>7,040,866</u>	<u>1,879,486</u>	<u>8,920,352</u>

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

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

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

4.4 Financial instruments and fair values

As explained in Note 3.15 and 3.16, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income.

These categories are: fair value through profit or loss; loans and receivables; Held-to-maturity; available for sale assets; and, for liabilities, amortized cost.

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

	Financial assets					Financial liabilities		
	Fair value through profit or loss N'000	Loans and receivables N'000	Held to Maturity N'000	Available for sale N'000	Amortized cost N'000	Fair value N'000	Total carrying amount N'000	Fair value N'000
The Group								
At 31 December 2018								
Assets								
Trade and other receivables	-	3,020,482	-	-	-	-	3,020,482	3,020,482
Cash and cash equivalents	32,535	-	-	-	-	-	32,535	32,535
	32,535	3,020,482	-	-	-	-	3,053,017	3,053,017
Liabilities								
Trade and other payables	-	-	-	-	-	2,333,716	2,333,716	2,333,716
Long term borrowings (including current portion)	-	-	-	-	-	4,713,471	4,713,471	4,713,471
Advance from customers	-	-	-	-	-	843,259	843,259	843,259
Other short term borrowings	-	-	-	-	-	3,280,456	3,280,456	3,280,456
	-	-	-	-	-	11,170,902	11,170,902	11,170,902
At 31 December 2017								
Assets								
Trade and other receivables	-	2,490,737	-	-	-	-	2,490,737	2,490,737
Cash and cash equivalents	37,991	-	-	-	-	-	37,991	37,991
	37,991	2,490,737	-	-	-	-	2,528,728	5,057,456
Liabilities								
Trade and other payables	-	-	-	-	-	2,022,057	2,022,057	2,022,057
Long term borrowings (including current portion)	-	-	-	-	-	1,879,486	1,879,486	1,879,486
Advance from customers	-	-	-	-	-	548,865	548,865	548,865
Other short term borrowings	-	-	-	-	-	5,115,197	5,115,197	5,115,197
	-	-	-	-	-	9,565,605	9,565,605	19,131,210

The group had no financial instruments classified as 'Held to maturity', and 'Available for sale assets' for the years ended 2018 and 2017 respectively.

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	Financial assets					Financial liabilities		
	Fair value through profit or loss N'000	Loans and receivables N'000	Held to Maturity N'000	Available for sale N'000	Amortized cost N'000	Fair value N'000	Total carrying amount N'000	Fair value N'000
The Company								
At 31 December 2018								
Assets								
Investment in subsidiaries	-	-	-	567,292	-	-	567,292	567,292
Trade and other receivables	-	3,332,771	-	-	-	-	3,332,771	3,332,771
Cash and cash equivalents	26,012	-	-	-	-	-	26,012	26,012
	<u>37,193</u>	<u>2,713,262</u>	<u>-</u>	<u>555,292</u>	<u>-</u>	<u>-</u>	<u>3,926,075</u>	<u>3,926,075</u>
Liabilities								
Trade and other payables	-	-	-	-	-	-	1,906,002	1,906,002
Long term borrowings	-	-	-	-	-	-	4,713,471	4,713,471
Advance from customers	-	-	-	-	-	-	843,259	843,259
Interest bearing loans and borrowing	-	-	-	-	-	-	3,280,456	3,280,456
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,743,188</u>	<u>10,743,188</u>
At 31 December 2017								
Assets								
Investment in subsidiaries	-	-	-	555,292	-	-	555,292	555,292
Trade and other receivables	-	2,713,262	-	-	-	-	2,713,262	2,713,262
Cash and cash equivalents	37,193	-	-	-	-	-	37,193	37,193
	<u>37,193</u>	<u>2,713,262</u>	<u>-</u>	<u>555,292</u>	<u>-</u>	<u>-</u>	<u>3,305,747</u>	<u>3,305,747</u>
Liabilities								
Trade and other payables	-	-	-	-	-	-	1,925,669	1,925,669
Long term borrowings	-	-	-	-	-	-	1,879,486	1,879,486
Advance from customers	-	-	-	-	-	-	548,865	548,865
Interest bearing loans and borrowing	-	-	-	-	-	-	5,115,197	5,115,197
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,469,217</u>	<u>9,469,217</u>

The company had no financial instruments classified as 'Held to maturity', and 'Available for sale assets' for the years ended 31 December 2018 and 2017 respectively.

4.5 Fair valuation methods and assumptions

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

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

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

4.6 Fair value measurements recognised in the statement of financial position

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

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

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

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

5 Capital management

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

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

Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-equity ratio.

This ratio is calculated as net debt ÷ equity:

Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents.

Capital comprises all components of equity (ie ordinary shares, share premium, retained earnings, and other reserves).

During 2018, the group's strategy, which was unchanged from 2017, was to maintain the debt-to-capital ratio at the lower end of the range 4:1 to 3:1, in order not to deviate too far from the industry average of 3:1 attributable to manufacturing companies with a considerable reliance on debt financing.

The debt-to-equity ratios at 31 December 2018 and at 31 December 2017 were as follows:

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Total liabilities	11,356,974	10,216,247	10,926,981	10,030,684
Cash and cash equivalents	(32,535)	(37,991)	(26,012)	(37,193)
Net debt	11,324,439	10,178,256	10,900,968	9,993,491
Total equity	1,666,318	2,673,383	1,083,516	2,104,981
Debt-to-equity ratio	6.80	3.81	10.06	4.75

The increase in the debt-to-equity ratio in 2018 resulted primarily from both the increase of net debt and decrease of total equity. The increase in net debt was driven by the increase in trade payables of the parent company and total bank overdraft facilities outstanding as at the year end. Increase in trade payables as at year end was not caused by the inability of the company to pay up its debt as at when due but by the difficulty encountered by the company in obtaining foreign currency to settle its foreign suppliers. Whilst, banker's acceptance decreased, bank overdrafts increased due to the purchasing power of the Nigerian Naira in relation to other currencies in which the entity conducts its business, such as the US Dollar which is the major currency used to obtain the group's purchases. Thus the units of purchases N1 could obtain in the previous year had decreased significantly in the current year which is attributable to the current economic conditions, such as rising inflation rates, rising interest rates, scarcity of foreign currencies, dwindling oil prices, etc.

Finally, total equity reduced compared to the previous year as a function of the decrease in retained earnings. This was majorly caused by interest that was recognised for prior periods.

6 Segment information

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

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

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

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

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

	Auto N'000	Equipment Premium N'000	Trading (groceries) N'000	Construction N'000	Total N'000
7 Segment information - The Group					
Year ended 31 December 2018					
Revenue					
External customers	865,541	1,017,078	419,072	149,675	2,451,366
Inter-segment	-	-	-	-	-
Total revenue	865,541	1,017,078	419,072	149,675	2,451,366
Cost of sales					
Inter-segment	(419,823)	(697,921)	(349,840)	(149,675)	(1,617,259)
Total cost of sales	(419,823)	(697,921)	(349,840)	(149,675)	(1,617,259)
Gross profit	445,718	319,158	69,232	-	834,107
Depreciation	-	-	(232,471)	-	(232,471)
Finance expenses	(559)	(3,543)	(1,395,786)	-	(1,399,888)
Segment profit/(loss)	445,159	315,615	(1,559,026)	-	(798,252)
Total assets					
Non-current asset					
Property, plant and equipment	-	-	6,528,542	315,613	6,844,155
Current assets	(18,913)	(303,696)	6,020,608	-	5,697,999
	(18,913)	(303,696)	12,549,150	315,613	12,542,154
Total liabilities					
Non-current liabilities					
Advances from customers	-	-	-	843,259	843,259
Current liabilities	462,616	690,150	5,209,924	-	6,362,689
	462,616	690,150	5,209,924	843,259	7,205,949

SCOA NIGERIA PLC

Notes to the Consolidated financial statements

For the year ended 31 December, 2018

	Auto N'000	Equipment Premium N'000	Trading (groceries) N'000	Construction N'000	Total N'000
Year ended 31 December 2017					
Revenue					
External customers	523,936	596,066	548,584	129,996	1,798,582
Inter-segment	-	-	-	-	-
Total revenue	<u>523,936</u>	<u>596,066</u>	<u>548,584</u>	<u>129,996</u>	<u>1,798,582</u>
Cost of sales					
Inter-segment	<u>(351,657)</u>	<u>(365,030)</u>	<u>(521,647)</u>	<u>(129,705)</u>	<u>(1,368,039)</u>
Total cost of sales	<u>(351,657)</u>	<u>(365,030)</u>	<u>(521,647)</u>	<u>(129,705)</u>	<u>(1,368,039)</u>
Gross profit	172,279	231,036	26,937	291	430,543
Depreciation	(82,034)	(93,327)	(85,893)	(20,354)	(281,608)
Finance expenses	<u>(275,143)</u>	<u>(305,648)</u>	<u>(436,787)</u>	<u>(108,605)</u>	<u>(1,151,257)</u>
Segment loss	<u>(184,898)</u>	<u>(167,939)</u>	<u>(495,743)</u>	<u>(128,668)</u>	<u>(1,002,322)</u>
Total assets					
Non-current asset					
Property, plant and equipment	1,673,256	1,903,614	1,751,973	415,160	7,167,765
Current assets	<u>1,503,771</u>	<u>1,710,795</u>	<u>1,574,514</u>	<u>373,108</u>	<u>5,047,684</u>
	<u>3,177,027</u>	<u>3,614,409</u>	<u>3,326,487</u>	<u>788,268</u>	<u>12,215,449</u>
Total liabilities					
Non-current liabilities	966,417	1,099,463	1,011,880	239,782	2,501,113
Advances from customers	-	-	-	548,865	548,865
Current liabilities	<u>2,053,490</u>	<u>2,336,195</u>	<u>2,150,094</u>	<u>509,501</u>	<u>7,166,269</u>
	<u>3,019,907</u>	<u>3,435,658</u>	<u>3,161,974</u>	<u>1,298,148</u>	<u>10,216,247</u>

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

	The Group	
	2018	2017
	N'000	N'000
7 Segment information (cont'd)		
Reconciliation of loss		
Segment profit	834,107	430,543
Selling and distribution	(77,548)	(56,352)
Administrative expenses	(998,557)	(1,612,798)
Other operating income	-	492,694
Finance income	65,502	-
Finance expenses	(1,399,888)	(1,151,257)
Loss before tax	<u>(1,576,383)</u>	<u>(1,897,170)</u>
Reconciliation of assets		
Segment operating assets	8,636,236	8,413,277
Land	3,791,490	3,791,490
Capital Work-in-progress	-	10,682
Deferred tax assets	595,565.66	674,181
Total assets	<u>13,023,292</u>	<u>12,889,630</u>
Reconciliation of liabilities		
Segment operating liabilities	11,356,974	10,216,247
Equity	1,666,318	2,673,383
Total liabilities	<u>13,023,292</u>	<u>12,889,630</u>

Adjustments and eliminations

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

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

Inter-segment revenues are eliminated on consolidation.

SCOA NIGERIA PLC

Notes to the consolidated financial statements				
For the year ended 31 December, 2018				
	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
8 Revenue				
Sales of goods (Note 8.1)	2,301,691	1,668,586	770,522	1,668,355
Construction income (Note 8.2)	149,675	129,996	149,675	129,996
	<u>2,451,366</u>	<u>1,798,582</u>	<u>920,197</u>	<u>1,798,351</u>
8.1 Sales of goods				
Autos	865,541	523,936	351,450	523,936
Equipment	1,017,078	596,066	-	596,066
Trading (groceries)	419,072	548,584	419,072	548,353
	<u>2,301,691</u>	<u>1,668,586</u>	<u>770,522</u>	<u>1,668,355</u>
Construction income	149,675	129,996	149,675	129,996
	<u>2,451,366</u>	<u>1,798,582</u>	<u>920,197</u>	<u>1,798,351</u>
8.2 Construction income				
Construction revenue recognised	149,675	129,996	149,675	129,996
Contract cost				
Aggregate cost of contract recognised in profit or loss	149,675	129,705	149,675	129,705
Losses recognised	-	-	-	-
	<u>149,675</u>	<u>129,705</u>	<u>149,675</u>	<u>129,705</u>
Aggregate amount of profit recognised till date	-	291	-	291
Amount of advance received	843,259	548,865	843,259	548,865

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

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

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

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

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

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
9 Cost of sales				
Auto	419,823	351,657	143,235	351,657
Equipment	697,921	365,030	-	365,030
Trading	349,840	521,647	349,840	521,630
Construction contract	149,675	129,705	149,675	129,705
	<u>1,617,259</u>	<u>1,368,039</u>	<u>642,750</u>	<u>1,368,022</u>
	=====	=====	=====	=====
10 Other income				
Rental Income	139,454	53,338	54,092	53,338
Sales Commission (Note 10.1)	13,825	4,482	825	4,482
Profit on disposal of property, plant and equipment	-	2,300	-	2,300
Foreign exchange gain	53,591	-	53,591	-
Scrap sales	-	16,374	-	16,374
Provision no longer required	861,911	416,200	861,911	416,200
	<u>1,068,780</u>	<u>492,694</u>	<u>970,418</u>	<u>492,694</u>
	=====	=====	=====	=====
10.1 Sales commission				
Sales commission represents amount received from MAN TRUCK and BUS on the Trucks sold directly in Nigeria territory based on signed agreement. The applicable tax rate is 8% on sales invoice.				
11 Selling and distribution expenses				
Transportation	77,548	56,352	11,697	56,352
	<u>77,548</u>	<u>56,352</u>	<u>11,697</u>	<u>56,352</u>
	=====	=====	=====	=====

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
12 Administrative expenses				
Annual General Meeting expenses	10,661	2,980	495	2,980
Audit fees	4,000	7,250	2,000	6,800
Consultancy	1,338	13,305	1,338	13,305
Consumables	7,644	5,573	5,249	5,573
Donations	-	308	-	308
Depreciation	232,471	193,447	230,267	189,673
Director fees	1,350	1,410	-	1,410
Entertainment	29,778	13,570	15,200	13,570
Electricity	19,545	16,491	9,698	16,005
Fuel consumed	13,411	22,646	8,340	22,566
Food and accommodation	445	264	-	264
Foreign exchange loss	-	303,433	-	303,433
Loss on disposal	21,449		21,449	
Insurance	3,338	3,175	18	3,175
Licenses	1,614	804	18	804
Legal fees	40,445	32,764	10,283	32,764
Meetings and seminars	4,432	108	-	108
Other professional fees	61,695	16,712	20,555	16,497
Postages and stationeries	3,231	3,390	478	3,390
Publicity and advertisement	4,317	2,959	1,467	2,959
Impairment of trade receivables	35,337	472,041	35,337	472,041
Repairs and maintenance	47,336	21,371	12,919	21,339
Rent and rates	135,147	136,112	7,659	136,112
Registrar fees	2,605	2,764	-	2,764
Subscriptions	15,227	16,378	1,021	16,362
Salaries and employee related costs (Note 12.1)	277,446	298,751	33,268	296,115
Security and cleaning	16,746	14,129	4,203	14,129
Telephone expenses	3,841	3,400	188	3,400
Tender fees	1,436	3,128	-	3,128
Other expenses	2,274	4,135	2,322	3,710
	998,557	1,612,798	423,771	1,604,684
	=====	=====	=====	=====

SCOA NIGERIA PLC

Notes to the consolidated financial statements				
For the year ended 31 December, 2018				
	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
12.1 Salaries and employee related costs include the following:				
Basic salary	67,940	79,709	8,628	77,075
Leave allowance	5,204	5,411	487	5,411
House allowance	24,388	25,183	436	25,183
Transport allowance	19,470	19,760	1,866	19,760
Lunch allowance	9,406	8,707	834	8,707
Staff entertainment and meal allowance	12,445	10,609	785	10,609
Maintenance allowance	1,819	1,843	183	1,843
Efficiency allowance	56,972	55,845	11,660	55,845
Interim allowance	2,106	2,115	197	2,115
Bonus	3,441	7,666	294	7,666
Welfare allowance	6,717	6,754	121	6,754
Economic relief and utility	2,659	4,508	207	4,508
ITF managerial staff	1,327	-	578	-
Educational expenses	27,505	24,607	978	24,607
Out of station expense	808	1,294	-	1,294
Employee defined benefit costs	12,493	11,769	4,246	11,769
Medical	7,541	2,254	482	2,254
Staff uniform and clothes	16	21	-	21
Pension costs-defined contribution	9,257	8,986	489	8,986
Other staff expenses	5,932	21,708	798	21,708
	<u>277,446</u>	<u>298,749</u>	<u>33,268</u>	<u>296,115</u>
12.2 Summary of salaries and wages:				
Cost of production	97,879	9,542	11,416	9,542
Administrative expenses	179,568	298,749	21,852	296,115
	<u>277,446</u>	<u>308,291</u>	<u>33,268</u>	<u>305,657</u>
13 Finance income				
Interest income	<u>65,502</u>	<u>-</u>	<u>65,502</u>	<u>-</u>
14 Finance costs				
Interest on bank overdrafts and loans	<u>1,399,888</u>	<u>1,151,257</u>	<u>1,395,785</u>	<u>1,151,257</u>

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
15 Taxation account				
15.1 Income tax expense				
The major components of income tax expense for the years ended 31 December 2018 and 2017 are:				
Income tax	13,486	12,131	13,486	10,983
Deferred tax write-back	(475,211)	-	(475,211)	-
	<u>(461,725)</u>	<u>12,131</u>	<u>(461,725)</u>	<u>10,983</u>
15.2 Deferred tax charged to OCI				
Deferred tax related to items recognised in OCI during the year:				
Deferred tax on revaluation surplus	-	-	-	-
Deferred tax on re-measurement gain on actuarial gains and losses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
15.3 Current tax payable				
At 1 January:				
Income tax	29,015	63,169	20,963	56,265
Charge for the year:				
Income tax	13,486	12,131	13,486	10,983
Withholding tax utilized	-	(46,285)	-	(46,285)
At 31 December	<u>32,646</u>	<u>29,015</u>	<u>23,466</u>	<u>20,963</u>
The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 and the Education Tax Act, CAP E4, LFN 2004 as amended.				
15.4 Deferred taxation				
15.4.1 Deferred tax assets				
At 1 January	674,181	674,181	674,181	674,181
Charged through profit or loss (Note 15.1)	(78,615)	-	(674,181)	-
At 31 December	<u>595,566</u>	<u>674,181</u>	<u>-</u>	<u>674,181</u>
15.4.2 Deferred tax liabilities				
At 1 January	553,828	553,828	472,705	472,705
Charged through other comprehensive income	(553,828)	-	(366,982)	-
At 31 December	<u>-</u>	<u>553,828</u>	<u>105,723</u>	<u>472,705</u>

The Company has adopted the International Accounting Standard IAS 12 deferred taxation. The Computation of the deferred taxation resulted in net deferred tax asset of N582,789,379 which is not recognised in these consolidated financial statements, as it is not probable that taxable profit will be available in the foreseeable future against which the timing differences can be utilised.

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
15.5 Income tax reconciliation				
Loss before taxation	(507,604)	(1,897,170)	(517,886)	(1,889,270)
Tax at Nigerian statutory income tax rate of 30% (2017 : 30%)	(152,281)	(569,151)	(155,366)	(566,781)
Non deductible expenses for tax purposes	152,281	569,151	155,366	566,781
Minimum Tax	13,486	12,131	13,486	10,983
Recognised in profit or loss (Note 15.1)	13,486	12,131	13,486	10,983
	=====	=====	=====	=====
15.6 Statement of profit or loss				
Accelerated depreciation for tax purpose	240,563	285,382	240,563	281,608
Unutilized tax credit	1,060,453	(369,580)	1,060,453	370
Impairment of trade and other receivables	-	(647,130)	-	(647,130)
	1,301,016	(731,328)	1,301,016	(365,153)
	=====	=====	=====	=====
15.7 Reconciliation of deferred tax liabilities/ assets net				
At 1 January	(120,353)	(120,353)	(201,476)	(201,476)
Tax expense during the year recognised in profit or loss (Note 15.1)	120,353	-	307,199	-
At 31 December	-	(120,353)	105,723	(201,476)
	=====	=====	=====	=====
16 Basic and diluted loss per share				
Basic/diluted loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Group by the number of ordinary shares issued during the year. The following reflects the income and share data used in the basic earnings per share computation:				
Loss attributable to equity holders (Naira)	(45,880)	(1,909,301)	(56,161)	(1,900,253)
	=====	=====	=====	=====
Number of shares issued	649,826	649,826	649,826	649,826
	=====	=====	=====	=====
Basic/diluted loss per share (Naira)	(0.07)	(2.94)	(0.09)	(2.92)
	=====	=====	=====	=====

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

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018 (Cont'd)

17. PROPERTY, PLANT AND EQUIPMENT

17.1 The Group

	Freehold Land N'000	Freehold Building N'000	Leasehold building N'000	Motor vehicles N'000	Furniture & fittings N'000	Generator N'000	Equipment N'000	Construction Equipment N'000	Plant & machinery N'000	Work-in progress N'000	T o t a l N'000
COST											
At 1 January, 2018	3,791,490	1,786,141	200,293	585,061	42,615	69,174	448,594	502,719	927,676	10,682	8,364,445
Addition in the year	-	-	6,276	-	-	7,169	15,328	-	-	-	28,773
Disposal	-	-	-	-	-	-	-	-	(129,443)	-	(129,443)
Transfer	-	-	-	-	-	-	-	-	-	-	-
At 31 December, 2018	3,791,490	1,786,141	206,569	585,061	42,615	76,343	463,922	502,719	798,233	10,682	8,263,775
ACCUMULATED DEPRECIATION											
At 1 January, 2018	-	39,540	117,053	405,458	22,046	40,536	269,091	153,574	149,381	-	1,196,679
Charged for the year	-	166,395	(66,958)	45,768	2,985	8,796	52,529	33,532	-	-	243,048
Disposal	-	-	-	-	-	-	-	-	(20,107)	-	(20,107)
At 31 December, 2018	-	205,935	50,095	451,226	25,031	49,332	321,620	187,106	129,274	-	1,419,620
CARRYING AMOUNT											
At 31 December, 2018	3,791,490	1,580,206	156,474	133,835	17,584	27,011	142,302	315,613	668,959	-	6,844,155
At 31 December, 2017	3,791,490	1,746,601	83,240	179,603	20,569	28,638	179,503	349,145	778,295	10,682	7,167,765

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

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

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

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

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

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

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018 (Cont'd)

17. PROPERTY, PLANT AND EQUIPMENT

17.2 The Company

	Freehold Land ₦'000	Freehold Building ₦'000	Leasehold building ₦'000	Motor vehicles ₦'000	Furniture & fittings ₦'000	Generator ₦'000	Equipment ₦'000	Construction Equipment ₦'000	Plant & machinery ₦'000	Work-in progress ₦'000	T o t a l ₦'000
COST											
At 1 January, 2018	2,893,040	1,741,596	200,293	556,786	29,866	69,174	445,251	502,719	406,010	-	6,844,735
Addition in the year	-	-	6,276	-	-	7,169	15,328	-	-	-	28,773
Disposal	-	-	-	-	-	-	-	-	(129,442)	-	(129,442)
At 31 December, 2018	2,893,040	1,741,596	206,569	556,786	29,866	76,343	460,579	502,719	276,568	-	6,744,066
ACCUMULATED DEPRECIATION											
At 1 January, 2018	-	19,044	117,053	377,184	9,297	40,536	265,748	153,574	118,297	-	1,100,733
Disposal	-	-	-	-	-	-	-	-	(43,061)	-	(43,061)
Charged for the year	-	164,190	(66,958)	45,768	2,985	8,796	52,529	33,532	22,955	-	263,798
At 31 December, 2018	-	183,234	50,095	422,952	12,282	49,332	318,277	187,106	98,191	-	1,321,469
CARRYING AMOUNT											
At 31 December, 2018	2,893,040	1,558,362	156,474	133,834	17,584	27,011	142,302	315,613	178,377	-	5,422,597
At 31 December, 2017	2,893,040	1,722,552	83,240	179,602	20,569	28,638	179,503	349,145	287,713	-	5,744,002

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

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

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

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

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

An amount of N22.5million was transfer from inventory in respect of Generator set and equipment.

SCOA NIGERIA PLC

Notes to the consolidated financial statements				
For the year ended 31 December, 2018				
	The Group		The Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
18 Investments in subsidiaries				
SCOA Properties (Nigeria) Limited	-	-	450,800	450,800
SCOA Foods Limited	-	-	243,000	243,000
SCOA Motors Limited	-	-	6,000	-
SCOA Equipment Limited	-	-	6,000	-
	-	-	705,800	693,800
Impairment of investment in subsidiary	-	-	(138,508)	(138,508)
At 31 December	-	-	567,292	555,292
	=====	=====	=====	=====

18.1 Information about subsidiary

Business information

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

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

SCOA Motors Limited was incorporated on 11 May, 2017. The Company is owned by SCOA Nigeria Plc and International Investment Company Limited with 60% and 40% shareholdings respectively. The principal activities undertaken by the Company during the year were the Business of Assembling, Manufacturing, Importing, Exporting, Supplying, Distributing and dealing in all aspect of motor vehicle transactions.

SCOA Equipment Limited was incorporated on 21 April, 2017. The Company is owned by SCOA Nigeria Plc and International Investment Company Limited with 60% and 40% shareholdings respectively. The principal activities undertaken by the Company during the period were the Business of manufacturing, importing, exporting, assembling, supplying and distribution of equipment.

There are no significant restrictions on any of the subsidiaries. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

18.2 Subsidiary undertakings

All shares in subsidiary undertakings are ordinary shares.

Subsidiary	Principal activity	Country of Incorporation	Percentage held	Statutory year end
SCOA Properties (Nigeria) Limited	Investment holding in Estate Management	Nigeria	50%	31 December
SCOA Foods Limited	Manufacture, packaging, distribution, marketing and sales of fruit drinks, food products and beverages of alcoholic and non-alcoholic varieties and allied products.	Nigeria	45%	31 December
SCOA Motors Limited	Assembling, Manufacturing, Importing, Exporting, Supplying, Distributing and dealing in all aspect of motor vehicle transactions.	Nigeria	60%	31 December
SCOA Equipment Limited	Manufacturing, importing, exporting, assembling, supplying and distribution of equipment.	Nigeria	60%	31 December

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

	SCOA Properties (Nig) Limited N'000	SCOA Foods Limited N'000	SCOA Motors Limited N'000	SCOA Equipment Limited N'000
31 December 2018				
Revenue	-	-	514,091	1,017,078
(Loss)/profit after tax	(950)	(3,767)	3,118	3,399
Total assets	899,110	725,857	475,734	703,549
Total liabilities	3,109	501,348	228,773	203,164
Equity	896,001	224,509	246,962	500,385
	=====	=====	=====	=====
31 December 2017				
Revenue	-	230	-	-
Loss after tax	(425)	(8,622)	-	-
Total assets	899,003	726,882	-	-
Total liabilities	2,052	498,606	-	-
Equity	896,951	228,276	-	-
	=====	=====	=====	=====
	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
19. Non-controlling interest				
At 1 January	574,027	578,982	-	-
Share of profit/(loss) for the year	60	(4,955)	-	-
At 31 December	574,087	574,027	-	-
	=====	=====	=====	=====

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Notes to the consolidated financial statements

For the year ended 31 December, 2018

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
20 Inventories				
Raw materials and consumables	114,248	118,070	11,922	11,912
Finished goods	1,919,496	2,031,422	1,737,341	2,030,356
	<u>2,033,744</u>	<u>2,149,492</u>	<u>1,749,262</u>	<u>2,042,268</u>

Inventory to the value of N1.892 billion (2017: N2.042 billion) are carried at net realisable value. The amount charged to statement of profit or loss and other comprehensive income in respect of write down of inventory to net realisable value in the year was nil (2017: nil).

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
21 Advances received				
Kogi	843,259	548,865	843,259	548,865
	<u>843,259</u>	<u>548,865</u>	<u>843,259</u>	<u>548,865</u>
The amount relates to advances received from Federal Government of Nigeria in respect of Rehabilitation of Okene - Itobe Road in Kogi state.				
22 Trade and other receivables				
Trade receivables	3,490,775	3,116,610	3,332,771	3,027,972
Allowance for Impairments (Note 22.1)	(682,466)	(647,130)	(682,466)	(647,130)
	<u>2,808,309</u>	<u>2,469,480</u>	<u>2,650,305</u>	<u>2,380,842</u>
Receivable from related parties (Note 22.2)	-	-	317,837	316,622
Other receivables	212,173	21,257	785,810	15,798
	<u>3,020,482</u>	<u>2,490,737</u>	<u>3,753,953</u>	<u>2,713,262</u>

Other receivable represents collection from staff and other deposit made.

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

Also included in the trade receivables is an amount due from Kogi State and Ekiti State Government on road construction.

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
22.1 Allowance for Impairments				
At 1 January	647,130	492,829	647,130	492,829
Addition in the year	35,336	472,041	35,336	472,041
Write back in the year	-	(317,740)	-	(317,740)
At 31 December	<u>682,466</u>	<u>647,130</u>	<u>682,466</u>	<u>647,130</u>

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

SCOA NIGERIA PLC

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For the year ended 31 December, 2018

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

	Total	0-30 days	Past due but not impaired				> 365 days
	N'000	N'000	31-60 days	61-90days	91-365 days		N'000
			N'000	N'000	N'000		N'000
2018	3,020,482	10,072	6,567	112,725	10,373		2,511,723
	=====	=====	=====	=====	=====		=====
2017	3,116,610	26,025	7,253	618,048	120,554		2,344,730
	=====	=====	=====	=====	=====		=====

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

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
22.2 Related Companies				
SCOA Foods Limited (Subsidiary)	-	-	316,605	315,685
SCOA Property Limited (Subsidiary)	-	-	1,232	937
	-	-	317,837	316,622
Impairment allowance	-	-	-	-
Due from related Companies	-	-	317,837	316,622
	=====	=====	=====	=====
For disclosures on related parties refer to note 32.				
22.2.1 Impairment allowance				
At 1 January	-	17,219	-	17,219
Charge for the year	-	(17,219)	-	(17,219)
At 31 December	-	-	-	-
	=====	=====	=====	=====
22.2.2 Breakdown of impairment allowance				
Vernal Investment (Sister Company)	-	-	-	-
Data Processing Maintenance and Services Limited (Sister Company)	-	-	-	-
	-	-	-	-
	=====	=====	=====	=====

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For the year ended 31 December, 2018

	The Group		The Company	
	2018	2017	2,018	2017
	N'000	N'000	N'000	N'000
23. Other current assets				
Rent	21,784	44,964	21,784	44,964
Withholding tax recoverable (Note 23.1)	221,156	139,610	215,727	139,613
Accrued income	4,115	-	4,115	-
Prepaid expenses	10,893	647	10,893	647
Debit balance in trade payables	238,329	183,710	238,329	183,710
Receivable from Register (Note 25.3)	163	163	163	163
Deposit on Cobranet	20	20	20	20
Deposit to DHL	350	350	350	350
	<u>496,810</u>	<u>369,464</u>	<u>491,381</u>	<u>369,467</u>
	=====	=====	=====	=====

23.1 Tax recoverable - Withheld at Source

This represents withholding tax deducted at source on certain transactions, remitted to relevant tax authorities on behalf of the Company and for which receipts are receivable

24 Cash and cash equivalents

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

	The Group		The Company	
	2018	2017	2,018	2017
	N'000	N'000	N'000	N'000
Cash in hand	1,081	3,168	420	3,168
Cash at Bank	24,515	28,795	18,654	27,997
Short-term deposit	6,939	6,028	6,939	6,028
Cash and short term deposit	<u>32,535</u>	<u>37,991</u>	<u>26,012</u>	<u>37,193</u>
	=====	=====	=====	=====

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

	The Group		The Company	
	2018	2017	2,018	2017
	N'000	N'000	N'000	N'000
Cash and short term deposit	32,535	37,991	26,012	37,193
Bank overdraft (Note 31.3)	(932,567)	(3,430,904)	(931,219)	(3,430,904)
	<u>(900,032)</u>	<u>(3,392,913)</u>	<u>(905,206)</u>	<u>(3,393,711)</u>
	=====	=====	=====	=====

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

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For the year ended 31 December, 2018

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
25 Share capital and reserves				
25.1 Authorised shares:				
2,000,000,000 ordinary shares of 50 kobo each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
25.2 Allotted, called up and fully paid:				
At 1 January	324,913	324,750	324,913	324,750
Additional shares (Note 25.3)	-	163	-	163
At 31 December: 649,825,665 ordinary share of 50k each	<u>324,913</u>	<u>324,913</u>	<u>324,913</u>	<u>324,913</u>
25.3 This represent value of shares received by the Registrar yet to be remitted to the company				
26 Share premium				
At 31st December	<u>194,405</u>	<u>194,405</u>	<u>194,405</u>	<u>194,405</u>
27 Revaluation reserve				
At 31 December	<u>4,224,807</u>	<u>4,224,807</u>	<u>4,146,484</u>	<u>4,146,484</u>
27.1 These relates to surplus arising on revaluation of the group properties (Building).				
28 Retained loss				
At 1 January	(2,644,769)	(735,976)	(2,560,821)	(656,121)
Transferred from statement of profit or loss and other comprehensive income	(67,569)	(1,978,793)	(77,850)	(1,904,700)
Prior year adjustment	(939,436)	-	(943,615)	-
At 31 December	<u>(3,651,774)</u>	<u>(2,644,769)</u>	<u>(3,582,286)</u>	<u>(2,560,821)</u>

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Notes to the consolidated financial statements

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29 Employee benefit liability

The group's gratuity scheme is a defined benefit plan. The group makes provisions for gratuity for employees that have spent between 5 years and above continuing service in the group. The actuarial valuation method used to value the liabilities is the Projected Unit Method prescribed by IAS19. The liabilities have been calculated from first principles using the data as at 31 December, 2018 and the assumptions set out in this report.

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

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
29.1 Net benefit expense (recognised in the statement of profit or loss)				
Present value of defined benefit obligations	98,543	60,799	54,604	67,799
	=====	=====	=====	=====
29.2 Movement in defined benefit plan				
At 1 January	67,799	60,790	67,799	60,790
Adjustment	-	-	(40,164)	-
Current Service cost	3,835	3,917	3,835	3,917
Interest cost	10,740	9,814	10,740	9,814
Actuarial gains	21,689	4,447	12,394	4,447
Benefits paid	(5,520)	(11,169)	-	(11,169)
At 31 December	98,543	67,799	54,604	67,799
	=====	=====	=====	=====
			2018	2017
			N'000	N'000
29.3 The amount recognised in the profit or loss:				
Current service costs			3,835	3,917
Interest costs			10,740	9,814
Total included in staff costs			14,575	13,731
			=====	=====
29.4 The amount recognised in other comprehensive income:				
Re-measurements (loss)/gain recognised in other comprehensive income			(21,689)	(4,447)
Tax on gain			-	-
Net balance			(21,689)	(4,447)
			=====	=====
The principal actuarial assumptions used were:				
Discount rate			16%	16%
Inflation rate			5%	5%
Future salary increases			3%	3%

Notes to the consolidated financial statements

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29.5 Sensitivity analysis

	Discount rate		Future salary increase		Mortality rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease	0.3% Increase	0.3% Decrease
31 December 2018						
Sensitivity Level						
Impact on defined benefit obligation	(95,005)	(102,310)	(102,939)	(94,380)	(98,779)	(98,233)
31 December 2017						
Sensitivity Level	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	(65,043)	70,811	(71,139)	(64,717)	(67,997)	(67,619)

The sensitivity analysed above have determined on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumption occurring at the end of the reporting period. As reported based on actuarial valuation by Alexander Forbes for the year ended 31 December 2018. The actuarial valuation report was signed in December by Brian Karidza (FRC/2017/NAS/00000016625) a fellow of Faculty and Institute of Actuaries.

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

	2018	2017
	%	%
Discount rate (p.a)	16	16
Average pay increase (p.a)	3	3
Rate of inflation	5	5
Withdrawal from Service (age band)		
18 - 29	1	1
30 - 44	5.5	5.5
45 - 49	3	3
50 - 59	2	2
60	100	100

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

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

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

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

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

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

	2018	2017
Salary weighted average age	46.6 years	44.3 years
Salary weighted past service	12.6 years	9.8 years

29.7 Tax Effect:

Re-measurement recognised in other comprehensive income: (N21,689,000) (2017: N4,447,000). Deferred tax computed at 30% : Nil (2017 : Nil).

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
30 Trade and other payables				
Trade creditors	1,218,528	1,174,728	1,063,090	1,156,664
Other payables (Note 30.1)	745,803	597,180	501,846	572,390
Dividend payable	39,978	39,978	39,978	39,978
Value Added Tax	221,844	128,304	205,393	128,304
Due to related parties (Note 30.2)	66,730	53,534	66,730	-
Penison Contribution (Note 30.3)	40,833	28,333	28,966	28,333
	<u>2,333,716</u>	<u>2,022,057</u>	<u>1,906,002</u>	<u>1,925,669</u>
30.1 Other payables				
Customer deposit	216,729	59,146	55,890	59,146
Staff deductions	45,011	56,722	41,379	34,893
Withholding tax payable	25,858	25,301	25,331	25,301
Accrued interest	90,682	4,237	90,682	4,237
Registrar expenses	3,266	10,099	915	10,099
Directors fee	2,800	1,350	756	1,350
Audit fee	8,912	9,893	7,312	9,893
Trade debtors with credit balances	137,568	316,703	137,568	316,703
Accrued expenses (Note 30.4)	214,976	113,729	142,013	110,768
	<u>745,803</u>	<u>597,180</u>	<u>501,846</u>	<u>572,390</u>

30.2 Due to related parties

This represents amount due from SCOA Foods Limited to other related parties.

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	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
30.3 Pension contribution				
At 1 January	28,333	11,968	28,333	11,968
Additions in the year	12,500	16,365	633	16,365
At 31 December	<u>40,833</u>	<u>28,333</u>	<u>28,966</u>	<u>28,333</u>

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

30.4 Accrued expenses

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

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
31 Borrowings				
Current borrowings	3,335,339	5,115,197	3,280,456	5,115,197
Non-current borrowings (Note 31.2)	4,713,471	1,879,486	4,713,471	1,879,486
Total	<u>8,048,810</u>	<u>6,994,683</u>	<u>7,993,927</u>	<u>6,994,683</u>
31.1 Current borrowings				
Related Companies:				
International Investment Company Ltd (Sister Company)	719,447	506,921	665,913	506,921
Investra Limited (Sister Company)	36,361	42,511	36,361	42,511
Commercial loans:				
All states Trust Bank Plc (Ecobank Nigeria Plc)	15,756	15,756	15,756	15,756
Access Bank Loan Account	127,458	158,929	127,458	158,929
Heritage advance- Short term 2-5	59,082	163,386	59,082	163,386
Import facilities:				
FCMB Term loan	223,065	-	223,065	-
Union Bank Loan Account	275,637	246,674	275,637	246,674
Heritage Bank Loan	945,966	550,116	945,966	550,116
Bank overdraft (Note 31.3)	932,567	3,430,904	931,219	3,430,904
	<u>3,335,339</u>	<u>5,115,197</u>	<u>3,280,456</u>	<u>5,115,197</u>

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

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

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For the year ended 31 December, 2018				
	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
31.2 Non-current borrowings				
Ecobank long term loan account	1,850,975	1,220,030	1,850,975	1,220,030
Access long term loan account	1,482,820	659,456	1,482,820	659,456
First bank long term account	1,379,676	-	1,379,676	-
	<u>4,713,471</u>	<u>1,879,486</u>	<u>4,713,471</u>	<u>1,879,486</u>
	=====	=====	=====	=====

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

i) Access Bank Plc

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

ii) First City Monument Bank Plc

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

iii) Union Bank of Nigeria Plc

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

iv) Eco Bank Plc

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

v) Heritage Bank Limited

An amount of N563.9 million represent balance of loan overdue granted by Heritage Bank. This loan has an interest rate of 25% per annum and its repayable over 3 months. The loan is secured by Negative pledge on the Company's assets. Heritage Bank also granted the Company a loan of N954.201million. This loan has an interest rate of 20% per annum and its repayable over 24 months. The loan is secured by Negative pledge on the Company's assets.

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

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

	Currency	Interest rate %	Maturity
Access Bank Plc	Naira	20	2019
First City Monument Bank Plc	Naira	22	2017
MainStreet Bank Limited	Naira	22	2015
Union Bank of Nigeria Plc	Naira	23	2017
Eco Bank Plc	Naira	21	2020
Heritage Bank Limited	Naira	20	2017

	The Group		The Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
31.3 Bank overdraft	932,567	3,430,904	931,219	3,430,904
	=====	=====	=====	=====

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

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

32 Related Parties

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

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

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

	Nature of transaction	Transaction value 2018 N'000	Balance receivable/ (payable) 2018 N'000	Balance receivable/ (payable) 2017 N'000
Related Companies:				
International Investment Company (Sister Company)	Payment of rent and interest	208,229	(719,447)	(506,921)
Investra Limited (Sister Company)	Payment of interest	40,649	(36,361)	(42,511)
Vernal Investment (Sister Company)	Administrative expenses	3,205	-	-
SCOA Petroleum Limited (Sister Company)	Purchase of goods	18,656	-	-
Data Processing Maintenance and Services Limited (Sister Company)	Rent receivable	14,014	-	-
Holding Company:				
SCOA International S.A.	Dividend payable	-	39,978	39,978
Subsidiary:				
SCOA Properties Limited	Administration expenses	60	1,232	937
Associate:				
SCOA Foods Limited	Purchases- goods & services, Administration expenses.	633	316,605	315,685
		=====	=====	=====

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

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in competitive environment. Outstanding balances at the year end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2018, there was no provision during the year for related parties.

Long term compensation to key management

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

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

		Company	
		2018	2017
		Number	Number
33 Information relating to Employees			
The average number of persons employed by the Group during the financial year was as follows:			
CEO's office and corporate affairs		5	6
Engineering /operation		84	81
Sales and marketing		26	20
Customer experience		4	4
Information systems		1	1
Human resources		3	4
Finance		12	12
		105	128
		=====	=====
Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:			
		2018	2017
		Number	Number
Below	1,700,000	74	97
1,800,000	- 2,299,999	19	19
2,300,000	- 2,799,999	1	1
2,800,000	- 3,299,999	1	1
3,300,000	- 3,799,999	6	6
4,800,000	- 5,299,999	4	4
		105	128
		=====	=====
34 Information relating to Directors			
34.1 Directors' mix			
Executive Directors		2	2
Non-executive Directors		8	8
		10	10
		=====	=====
34.2 Director's emolument			
The aggregate emolument of the Directors was:			
		N'000	N'000
Fees		1,350	1,350
Salaries		-	12,178
Sitting allowance		150	350
Other fees and allowances		-	6,178
Chairman emoluments (excluding pension contribution)		-	9,000
		1,500	29,056
		=====	=====
Highest Paid Director		-	10,941
		=====	=====

SCOA NIGERIA PLC

Notes to the consolidated financial statements

For the year ended 31 December, 2018

35 Contingencies

35.1 Bank guarantee

The company has an advance payment bank guarantee amounting to Nil in 2018 (2017 : Nil) and a performance Bond also amounting to a Nil balance in 2018, (2017 : Nil) both of which are in favour of Chad Basin Development Authority for the supply of Holland Combine Harvesters. There is an advance payment Guarantee with a Nil balance in 2018 (2017 : Nil) in favour of Ekiti State Government for Road Construction and an advance payment Guarantee with a balance of a Nil balance in 2018 -2017 : Nil) in favour of Kogi State Government for road construction.

35.2 Commitment

The company has no authorised and contracted purchase orders during the year. The company's unfunded Letters of Credit during the year was Nil (2017 : Nil) with various banking institutions in respect of letter of credits for importation of goods for trading.

35.3 Pending litigations and claims

There were contingent liabilities as at 31 December, 2018 amounted to N274.6 (2017: N274.6million) in respect of legal claims. In the opinion of the Directors and based on independent legal advice on these cases, the Group is not expected to suffer any material loss arising from these claims. Thus, no provisions have been made in these consolidated financial statements.

36 Events after the reporting date

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

37 Comparative figures

Where necessary comparative figures have been reclassified to ensure proper disclosure and uniformity in the current year's presentation. This re-classification have no net impact on these consolidated financial statements

SCOA NIGERIA PLC

	Statement of Value Added							
	The Group				The Company			
	2018 N'000	%	2017 N'000	%	2018 N'000	%	2017 N'000	%
Sales of products and services	2,451,366		1,798,582		920,197		1,798,352	
Other operating income	1,068,780		492,695		970,418		492,695	
Finance income	65,502		-		65,502		-	
	<u>3,585,649</u>		<u>2,291,276</u>		<u>1,956,117</u>		<u>2,291,046</u>	
Deduct:								
Outside purchases of services and products:								
- Local	(2,103,413)		(2,355,881)		(2,587,788)		(2,359,116)	
- Import	(80,035)		(82,680)		(80,035)		(82,680)	
Value Added/(erroded)	<u>1,402,201</u>	<u>(100)</u>	<u>(147,285)</u>	<u>(100)</u>	<u>(711,705)</u>	<u>(100)</u>	<u>(150,750)</u>	<u>(100)</u>
Distributed as follows:								
To pay employee:								
Salaries and labour related expenses	277,446	21	308,293	209	33,268	(5)	305,657	203
To provider of capital:								
Interest	1,399,888	101	1,151,257	782	1,395,785	(195)	1,151,257	764
To pay Government:								
- Company taxes	(461,725)	(33)	12,131	8	(461,725)	65	10,983	7
To provide for replacement of assets and future expansion of business:								
Deferred tax	-	-	-	-	-	-	-	-
Depreciation of property plant and equipment	232,471	17	285,382	194	230,267	(32)	281,608	187
Loss transferred from income statements	(45,880)	(3)	(1,904,348)	(1,293)	(1,909,301)	268	(1,900,255)	(1,261)
Value Added/(erroded)	<u>1,402,201</u>	<u>100</u>	<u>(147,285)</u>	<u>(100)</u>	<u>(711,705)</u>	<u>100</u>	<u>(150,750)</u>	<u>(100)</u>

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

SCOA NIGERIA PLC

Financial Summary - (The Group)					
For the year ended 31 December, 2018					
FINANCIAL POSITION	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
Profit or loss and other comprehensive income					
Revenue	2,451,366	1,798,582	3,580,316	4,547,587	6,423,665
(Loss)/profit before income tax	(507,604)	(1,897,172)	(2,258,195)	(1,255,526)	84,669
Taxation	461,725	(12,131)	626,421	(10,367)	92,333
(Loss)/profit for the year ended	(45,880)	(1,909,303)	(1,631,774)	(1,265,893)	177,002
Other comprehensive (loss)/income	(21,689)	(4,447)	4,149,698	79,850	(9,717)
Total comprehensive (loss)/income for the year	(67,569)	(1,913,750)	2,517,924	(1,186,043)	167,285
Employment of funds					
Property, plant & equipment	6,844,155	7,167,765	7,452,821	2,999,744	2,571,066
Other non current asset	595,566	674,181	674,181	4156	-
Net current (liabilities)/asset	(961,389)	(2,667,452)	(380,791)	(516,833)	763,759
Non-current liabilities	(4,812,014)	(2,501,113)	(3,159,243)	(418,023)	(153,478)
Net asset	1,666,318	2,673,381	4,586,968	2,069,044	3,181,347
Funds employed					
Share capital	324,913	324,913	324,750	324,750	324,737
Share premium account	194,405	194,405	194,405	194,405	194,418
Revaluation reserve	4,224,807	4,224,807	4,224,807	78,323	78,323
Retained loss	(3,651,774)	(2,644,771)	(735,976)	890,657	2,204,145
Non controlling interest	573,967	574,027	578,982	580,909	379,724
	1,666,318	2,673,381	4,586,968	2,069,044	3,181,347
Basic/diluted (loss)/ earnings per share (Naira)	(0.07)	(2.94)	(2.49)	(1.95)	0.28
Dividend per share (gross)		-	-	-	8.00
Net asset per share (Naira)	2.56	4	7.00	3.19	4.90

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

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

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

SCOA NIGERIA PLC

Financial Summary - (The Company)					
For the year ended 31 December, 2018					
FINANCIAL POSITION	2018	2017	2016	2015	2014
	N'000	N'000	N'000	N'000	N'000
Profit or loss account					
Revenue	920,197	1,798,351	3,569,645	4,528,303	6,440,132
(Loss)/profit before income tax	(517,886)	(1,889,270)	(2,394,365)	(1,256,852)	87,996
Income tax expense	461,725	(10,983)	627,624	(9,708)	91,033
(Loss)/profit for the year ended	(56,161)	(1,900,253)	(1,766,741)	(1,266,560)	179,029
Employment of funds					
Property, plant & equipment	5,422,597	5,744,002	6,025,284	1,573,726	1,147,245
Investment in subsidiary	567,292	555,292	555,292	693,800	493,000
Other non-current asset	-	674,181	674,181	4,156	-
Net current liabilities/asset	(32,575)	(2,448,504)	(167,119)	(308,221)	1,372,441
Non-current liabilities	(4,873,798)	(2,419,990)	(3,078,120)	(336,900)	(72,355)
Net asset	1,083,516	2,104,981	4,009,518	1,626,561	2,940,331
Funds employed					
Share capital	324,913	324,913	324,750	324,750	324,737
Share premium account	194,405	194,405	194,405	194,405	194,418
Revaluation reserve	4,146,484	4,146,484	4,146,484	-	-
Retained (loss)/earnings	(3,582,286)	(2,560,821)	(656,121)	1,107,406	2,421,176
	1,083,516	2,104,981	4,009,518	1,626,561	2,940,331
Basic/diluted (loss)/earnings per share (Naira)	(0.09)	(2.93)	(2.72)	(1.95)	0.28
Dividend per share (gross)		-	-	-	8.00
Net assets per share	1.67	3.24	6.17	2.50	4.53

SCOA NIGERIA PLC

Share Capital History

The Company's authorized and fully paid up share capital has increased over the years as follows:

Date	Authorised Share Capital Increased		Issued and fully paid Share Capital Increased		Consideration
	From (₦)	From (₦)	From (₦)	From (₦)	
24/06/69	-	2,000,000	-	4	Asset
04/09/69	-	2,000,000	4	32,894	Asset
04/09/69	-	2,000,000	32,894	1,232,890	Cash
02/09/72	-	2,000,000	1,232,890	2,000,000	Cash
07/07/72	2,000,000	3,000,000	2,000,000	-	-
18/12/72	-	3,000,000	2,000,000	2,100,000	Cash
24/01/73	-	3,000,000	2,100,000	2,600,000	Cash
31/09/73	-	3,000,000	2,600,000	2,900,000	Cash
15/09/73	-	3,000,000	2,900,000	2,940,000	Cash
31/01/74	-	3,000,000	2,940,000	3,000,000	Cash
23/04/76	3,000,000	6,000,000	3,000,000	6,000,000	Bonus Issue
27/09/76	6,000,000	12,000,000	6,000,000	6,000,000	-
21/01/77	12,000,000	12,000,000	6,000,000	12,000,000	Bonus Issue
30/03/77	12,000,000	18,000,000	12,000,000	12,000,000	Bonus Issue
16/01/77	18,000,000	18,000,000	12,000,000	18,000,000	Bonus Issue
10/12/78	18,000,000	24,000,000	18,000,000	24,000,000	Bonus Issue
14/04/83	24,000,000	32,000,000	24,000,000	32,000,000	Bonus Issue
21/04/88	32,000,000	44,800,000	32,000,000	44,800,000	Bonus Issue
23/01/90	44,800,000	344,800,000	44,800,000	114,800,000	Cash
12/11/92	344,800,000	412,000,000	114,800,000	197,200,000	Cash
25/07/01	412,000,000	412,000,000	197,200,000	246,500,000	Bonus Issue
20/09/02	412,000,000	1,000,000,000	246,500,000	246,500,000	Authorised Capital Increase
11/09/03	1,000,000,000	1,000,000,000	246,500,000	324,737,000	Rights Issue