JULIUS BERGER

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

Nexia
Agbo Abel & Co

Contents

Directors:	Mr Mutiu Sunmonu, CON	- Chairman
	Mr. George Marks (German)	- Vice Chairman
	Engr. Jafaru Damulak	- Director
	Dr. Ernest Nnaemeka Azudialu-Obiejesi	- Director
	Mrs. Belinda Ajoke Disu	- Director
	Mrs. Gladys Olubusola Talabi	- Director
	Engr. Goni Musa Sheikh	- Director
	Mr. Ernest Chukwudi Ebi, MFR, FCIB	- Independent Director
	Mr. Karsten Hensel (German)	- Director
	Dr. Lars Richter (German)	- Managing Director (Executive)
	Mr. Martin Brack (German)	- Financial Director (Executive)
	Alhaji Zubairu Ibrahim Bayi	- Director Administration (Executive)
	Mr. Tobias Meletschus (German)	- Director Corporate Development (Executive)

Company Secretary: Mrs. Cecilia Ekanem Madueke

RC Number: 6852

Registered office:
10, Shettima A. Mungono Crescent
Utako 900 108
FCT Abuja.

Auditors:
Nexia Agbo Abel & Co
43, Anthony Enahoro Street
Utako
FCT Abuja.

Registrars:
GTL Registrars Ltd (Formerly, Union Registrars Ltd)
274 Murtala Muhammad Way
Ebute Metta
Lagos.

Bankers:
Access Bank Plc
Ecobank Nigeria Plc
First Bank of Nigeria Ltd
First City Monument Bank Plc
Guaranty Trust Bank Plc
Standard Chartered Bank Nigeria Ltd
Union Bank of Nigeria Plc
United Bank for Africa Plc
Zenith Bank Plc

	Group			Company		
	31/12/2020 N'000	31/12/2019 N'000	% Change	31/12/2020 N'000	31/12/2019 N'000	% Change
Revenue	241,779,455	266,430,227	(9.25)	235,206,675	243,488,979	(3.40)
Profit before taxation	3,856,642	13,918,812	(72.29)	8,075,009	10,079,724	(19.89)
Profit for the year	1,236,273	8,759,535	(85.89)	5,645,210	6,566,806	(14.03)
Other comprehensive income	6,049,415	(1,201,433)	(603.52)	(635,012)	(243,558)	160.72
Total comprehensive income	**7,285,688**	**7,558,102**	**(3.60)**	**5,010,198**	**6,323,248**	**(20.77)**
Non - controlling interest	3,838	3,748	2.40	-	-	-
Profit attributable to equity holders of the parent	**7,281,850**	**7,554,354**	**(3.61)**	**5,010,198**	**6,323,248**	**(20.77)**
Retained earnings	27,683,487	29,882,143	(7.36)	21,546,928	19,308,730	11.59
Share capital	792,000	660,000	20.00	792,000	660,000	20.00
Shareholders' funds	44,947,602	40,327,992	11.46	22,764,368	20,394,170	11.62
Per share data						
Earnings per share:						
Basic	4.60	5.72	(19.67)	3.16	4.79	(33.97)
Diluted	4.60	4.77	(3.61)	3.16	3.99	(20.77)
Net assets per share:						
Basic	28.38	30.55	(7.12)	14.37	15.45	(6.98)
Diluted	28.38	25.46	11.45	14.37	12.88	11.58
Stock Exchange quotation at 31 December (Naira)	17.80	19.90	(10.55)	17.80	19.90	(10.55)
Number of employees	12,221	11,449	6.74	11,354	10,249	10.78

The Directors are pleased to present to the members of Julius Berger Nigeria Plc at the 51st AGM, in a year that the Company celebrated its golden jubilee, their report on the business of the Group for the year ended December 31, 2020.

1. **Legal form**

The Company was incorporated in Nigeria under the Companies Act 1968, now CAMA, as a private limited liability company on February 18, 1970. The Company subsequently converted to a public limited liability company and its shares became listed on the Nigerian Stock Exchange (NSE) on September 20, 1991.

2. **Principal activities**

The principal activities of the Company are the business of planning and construction of all kinds of civil engineering works. The Company has seven subsidiaries and they are stated below in alphabetical order, together with their principal activities:

S/N	Subsidiary	Principal activities and business	Date of incorporation	Holding
1.	Abumet Nigeria Limited	Manufacturers and dealers in aluminium, steel, iron or other structural products of such	June 15, 1990	90%
2.	Julius Berger Free Zone Enterprise	Planning and construction of all kinds and aspects of civil engineering works and related activities as well as maintenance of buildings and facilities in Free Trade Zones.	March 24, 2015	100%
3.	Julius Berger International GmbH	Providers of logistical and technical support on an international level.	June 24, 2008	100%
4.	Julius Berger Investments Limited	Investment company and managers.	June 1, 2012	100%
5.	Julius Berger Medical Services Limited	Health care providers for the operation of medical service institutions and all form of medical and health care services.	August 22, 2011	100%
6.	Julius Berger Services Nigeria Limited	Providers of ports services, stevedores, cargo superintendents, port management, warehousemen, agents and proprietors of warehouses	August 30, 2006	100%
7.	PrimeTech Design and Engineering Nigeria Limited	Engineers, planning, design, development construction and maintenance of engineering works and products of all description.	August 22, 2011	100%

The financial results of all the subsidiaries have been consolidated in these Financial Statements.

3. **Results for the year**

Comparative highlights of the operational results of the Group for the years ended 31 December 2019 and 2020 are as stated in the table below:

Group	2020	2019
	N'000	N'000
Revenue	241,779,455	266,430,227
Profit attributable to Group activities	7,285,688	7,558,102
Retained earnings	27,683,487	29,882,143

4. **Review of business development**

In the year under review, despite of the challenging economic environment, the Group, in the opinion of the Directors, performed satisfactorily and in accordance with planning.

Save as herein disclosed, no other events have occurred since the year ended December 31, 2020, which would affect the Consolidated Audited Financial Statements.

5. Dividends

5.1 Dividends

The Directors are pleased to recommend to the members at the 51st Annual General Meeting, a final dividend for the year ended December 31, 2020, in the sum of ₦633.6 million representing ₦0.40 per 50 Kobo share held in the equity of the Company which dividend shall be subject to withholding tax at the appropriate rate at the time of payment.

5.2 Unclaimed dividends

The list of shareholders with unclaimed dividends have been compiled and can be accessed from the Investors' Relations page of the Company's website, www.julius-berger.com. Shareholders are enjoined to carefully peruse this list. Shareholders who find their names on the lists and have claimed their dividend(s) since December 31, 2020, should kindly ignore the said list. However, shareholders who are yet to claim their dividend(s) should contact the Company Secretary or the Registrars, Greenwich Registrars & Data Solutions Ltd.

6. Directors and directors' interests and shareholding

6.1 Board of Directors in 2020

The directors who served on the Board of the Company for the year ended December 31, 2020 were as follows:

1. Mr. Mutiu Sunmonu, CON
2. Mr. George Marks (German)
3. Engr. Jafaru Damulak
4. Dr. Ernest Nnaemeka Azudialu - Obiejesi
5. Mrs. Belinda Ajoke Disu
6. Mrs. Gladys Olubusola Talabi
7. Engr. Dr. Lars Richter (German)
8. Alhaji Zubairu Ibrahim Bayi
9. Mr. Martin Brack (German)
10. Mr. Tobias Meletschus (German)
11. Engr. Goni Musa Sheikh
12. Mr. Ernest Chukwudi Ebi, MFR, FCIB
13. Mr. Karsten Hensel (German)

6.2 Changes to the Board

During the period under review, the following changes occurred on the Board of Directors:

6.2.1 Directors for approval

Mr. George Marks, Engr. Jafaru Damulak and Dr. Ernest Nnaemeka Azudialu-Obiejesi are the Directors retiring by rotation, in accordance with the provisions of S259 of CAMA and the Articles of Association. Mr. George Marks, Engr. Jafaru Damulak and Dr. Ernest Nnaemeka Azudialu-Obiejesi all being eligible, offer themselves for re-election.

6. Directors and directors' interests

6.3 Director's interest

For the purposes of S 301, 302 and 303 of CAMA and in compliance with the listing requirement of the NSE:

6.3.1 some Directors gave notices of disclosable direct and/or indirect interests in some contracts and assets of the Group; and

6.3.2 the Directors' interest in the issued share capital of the Company as recorded in the Register of Members and in the Register of Directors' holdings and contracts as notified by them are as stated in the table below.

	Number of Directors' Direct and Indirect Holdings as at		
	24 March 2021	31 December 2020	31 December 2019
	Number	Number	Number
Mr. Mutiu Sunmonu, CON	1,200,000	1,200,000	1,000,000
Mr. George Marks	-	-	-
Engr. Jafaru Damulak	2,377,018	2,377,018	1,980,849
Dr. Ernest Nnaemeka Azudialu - Obiejesi - Indirect *	204,153,116	204,153,116	170,127,597
Mrs Belinda Ajoke Disu - Indirect**	401,834,494	288,662,079	288,662,079
Mrs Gladys Olubusola Talabi	-	-	-
Engr. Goni Musa Sheikh - direct	75,768	75,768	63,140
Engr. Goni Musa Sheikh - Indirect***	261,360,000	261,360,000	217,800,000
Mr. Ernest Chukwudi Ebi, MFR, FCIB	-	-	-
Mr. Karsten Hessel	-	-	-
Alhaji Zubairu Ibrahim Bayi	558,742	558,742	465,619
Mr. Martin Brack	-	-	-
Engr. Dr. Lars Richter	-	-	-
Mr. Tobias Meletschus	-	-	-

* Watertown Energy Ltd., BOI-ESL NOMINEE (Continental Acquisitions Ltd.), AAD ESL Nominee and Keawood Properties Limited

** Goldstone Estates Ltd., and Bilton Securities Ltd.

*** Neptune Oil Company Limited

7. Share capital and shareholding

The Company did not purchase its own shares during the year.

7.1 Authorised share capital:

At the Annual General Meeting held on June 18, 2020, the shareholders approved a Bonus issue of 264 Million ordinary shares of 50K each to the existing Members of the Company whose name appears in the Register of Members as at the close of business on May 29, 2020 in the proportion of one new Ordinary Share for every five existing Ordinary Shares held by them.

7.2 Issued and fully paid share capital:

The issued and paid-up share capital of the Company currently is N792 million made up of 1.584 billion ordinary shares of 50 Kobo each.

7.3 Beneficial ownership:

The issued and paid-up share capital of the Company, as at December 31, 2020 and March 24, 2021 when the Consolidated Audited Financial Statements were approved, were beneficially held as stated in the table below.

Beneficial ownership	No of Ordinary Shares held as at 24 March	% holdings as at 24 March	No of Ordinary Shares held as at 31 December	% holdings as at 31 December	
	2021	2021	2020	2020	2019
Goldstone Estates Limited	314,714,494	19.87	314,714,494	19.87	19.87
Neptunehill Company Limited	261,360,000	16.50	261,360,000	16.50	16.50
Watertown Energy Limited	158,400,000	10.00	158,400,000	10.00	10.00
Bida Holdings Limited	87,120,000	5.50	87,120,000	5.50	5.50
Benue Investment and Property Company Limited	81,652,430	5.15	81,652,430	5.15	5.02
Other Shareholders including Governments	680,753,076	42.98	680,753,076	42.98	43.11
	1,584,000,000	100.0	1,584,000,000	100.0	100.0

Apart from the shareholders presented in the table above, no other person(s) holds more than 5% and above of the issued and fully paid up shares of the Company.

7.4 Free float

The free float analysis of the issued and paid-up share capital of the Company, as at December 31, 2020, and March 24, 2021, when the Consolidated Audited Financial Statements were approved, is as stated below:

	No of Ordinary Shares held as at 24 March	% holdings as at 24 March	No of Ordinary Shares held as at 31 December	% holdings as at 31 December	
	2021	2021	2020	2020	2019
Strategic shareholding	1,018,477,274	64.30	1,018,477,274	64.30	67.8
Directors' direct shareholding	4,211,528	0.27	4,211,528	0.27	0.27
Staff schemes	-	-	-	-	-
Free float	561,311,198	35.44	561,311,198	35.44	31.93
	1,584,000,000	100.0	1,584,000,000	100.0	100.0

7. Share capital and shareholding

7.5 Share range analysis as at 31 December 2020

Share Range	No of Shareholders	% Shareholders	No of units held	% Shareholding
1 - 500	2,773	21.30	461,636	0.03
501 - 1,000	1,189	9.13	861,547	0.05
1,001 - 5,000	3,912	30.05	10,151,627	0.64
5,001 - 10,000	1,702	13.07	12,033,952	0.76
10,001 - 25,000	1,751	13.45	26,789,917	1.69
25,001 - 100,000	1,223	9.39	59,612,794	3.76
100,001 - 500,000	358	2.75	71,442,912	4.51
500,001 - 1,000,000	54	0.41	36,127,212	2.28
1,000,001 and above	56	0.43	1,366,518,403	86.27
	13,018	100.00	1,584,000,000	100.00

8. Property, plant and equipment (PPE)

Significant movements in properties and equipment constituting the PPE of the Group during the year are indicated in Note 16 on page 55. In the opinion of the Directors, the market value of the properties and equipment is not less than the value shown in the accounts.

9. Donations and CSR Initiatives

During the year 2020, the Group undertook Corporate Social Responsibility (CSR) initiatives, especially to celebrate its 50th Anniversary and to combat the socio-medical effects of COVID 19, shown in the table on the next page valued at N402.25 million (2019 - N130.08 million) and made donations amounting to N173.50 million (2019: N14.9 million)

9. Donations and CSR Initiatives (Continued)

Corporate Social Responsibility	Amount (N)
Education / Human Capital Development	180,000
Philantropy and Social Welfare	-
Emergency Response	60,000
COVID-19 Response	322,680,558
	402,252,795

Donations	Amount (N)
Lagos Grassroots Soccer	500,000
Mulitple Schools	2,000,000
Ahmadu Bello University, Zaria	1,000,000
COVID-19 Response	170,000,000
	173,500,000

In compliance with S 43(2) of CAMA no donation was made to any political party, political association or for any political purpose.

10. Research and development

Research, development and deployment of leading edge construction and engineering technologies, design and methodologies are key to Julius Berger Nigeria Plc and its subsidiaries. The Group would continue to invest in research and development in order to enhance its design, planning, execution, construction and local engineering capabilities to deliver on client requirements innovatively.

11. Technical service and know - how agreement

A Technical Services Agreement executed between the Company and Julius Berger International GmbH is registered with the National Office for Technology Acquisition and Promotion (NOTAP).

12. Suppliers

The significant suppliers to the Company locally and internationally are:

1. African Foundries Limited
2. B&Q Dredging Limited
3. C. Woermann (Nigeria) Limited
4. Dangote Cement Industries Limited
5. Dantata & Sawoe Construction Company (Nigeria) Limited
6. Julius Berger International GmbH
7. Lafarge Africa Plc
8. Mantrac Nigeria Limited
9. Prudent Energy and Services Limited
10. Ringardas Nigeria Limited
11. Total Nigeria Limited
12. Zeberced Limited

13. Post year end events

Save as disclosed, there were no significant post year end events, that could have had a material effect on the Consolidated Audited Financial Statements for the year ended December 31, 2020, which has not been adequately provided for.

14. Human capital management

Employee relations were stable and cordial in the year under review.

14.1 Employment of physically challenged persons

It is the policy of the Group that there should be no unfair discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. As at December 31, 2020, there were 42 physically challenged persons employed by the Group.

2. Health, safety at work and welfare of employees

The nature of Group activities demand that a high priority is placed on the health, safety and welfare of employees as well as all visitors in all aspects of Group operations.

To this end, there is a strict observance of health and safety policies, regulations and structures. Further, medical coverage is provided for all staff and their immediate families, comprising a spouse and four children, in accordance with the welfare schedule agreed with the operating domestic workers unions as well as the provisions of the National Health Insurance Scheme Act CAP N 42, Laws of the Federation of Nigeria 2004.

In the Group, there is full compliance with the provisions of the Pensions Reform Act of 2014.

14.3 Involvement and training

The consultative media for the dissemination of information, and involvement in matters concerning the staff and Group affairs, were functional in the period under review.

Training and education are key to the retention of skills and expertise within the Group. The Group is committed to investments in ensuring the required skills set for its business and operation.

15. Statutory audit committee

The members of the Statutory Audit Committee, appointed at the AGM held on June 18, 2020, in accordance with S 359 (3) of CAMA 2004 were:

1.	Brig. Gen. Emmanuel Ebije Ikwue, GCON	-	Chairman
2.	Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD	-	Member
3.	Sir Sunday Nnamdi Nwosu, KSS	-	Member
4.	Engr. Jafaru Damulak	-	Member
5.	Chief Timothy Ayobami Adesiyan	-	Member
6.	Dr. Ernest Nnaemeka Azudialu-Obiejesi	-	Member

The Committee met in accordance with the provisions of S359 of CAMA 2004 and S404 of CAMA 2020 and will present its report.

16. Auditors

The auditors, Messrs Nexia Agbo Abel & Co. have indicated their willingness to continue in office. A resolution will be proposed authorising the directors to determine their remuneration.

17. Compliance with regulatory requirements

The Directors confirm that they have reviewed the structures and activities of the Company in view of the Code of Corporate Governance of the Securities and Exchange Commission and the National Code of Corporate Governance 2018 (the Codes) as well as the regulations of the NSE and the Securities and Exchange Commission (SEC), the Regulators. The Directors confirm that, to the best of their knowledge and as at the date of this report, the Company has been and is in substantial compliance with the provisions of the Codes and the regulatory requirements of the Regulators.

By order of the Board,

Mrs. Cecilia Ekanem Madueke
Company Secretary
FRC/2017/NBA/00000017540

10 Shettima A. Munguno Crescent
Utako 900 108/FCT Abuja

March 24, 2021

JULIUS BERGER

STATEMENT OF DIRECTORS' RESPONSIBILITY

By the provisions of S389 and S390 of CAMA, the Directors are responsible for preparation of the Consolidated Financial Statements, which give a true and fair view of the state of affairs of the Group, and of the profit or loss at the end of each financial year. The Directors are required by the provisions of the Codes to issue this statement in connection with the preparation of the Consolidated Financial Statements for the year ended December 31, 2020.

In compliance with the provisions of CAMA, the Directors must ensure that:

- Proper accounting records are maintained.
- Applicable accounting standards are followed.
- Suitable accounting policies are adopted and consistently applied.
- Judgement and estimates made are reasonable and prudent.
- The going concern basis is used, unless it is inappropriate to presume that the Group will continue in business.
- Internal control procedures are instituted, which as far as is reasonably possible, are adequate, safeguard the assets and prevent and detect fraud and other irregularities.

The Directors accept responsibility for the preparation of these Consolidated Financial Statements, which have been prepared in compliance with:

- the provisions of CAMA;
- the provisions of the Financial Reporting Council of Nigeria (FRCN), Act No. 6 of 2011;
- the published accounting and financial reporting standard issued by the FRCN;
- the regulations of the SEC and
- the regulations and listing requirements of the NSE.

The Directors have made an assessment of the Group's ability to continue as a going concern based on the supporting assumptions stated in the Consolidated Financial Statements and have every reason to hold that the Group will remain a going concern in the financial year ahead.

Signed on behalf of the Board of Directors by,

Mr. Mutiu Sunmonu, CON	Engr. Dr. Lars Richter
Chairman	Managing Director
FRC / 2014 / IODN / [illegible]	FRC/[illegible]

March 24, 2021

CERTIFICATION OF FINANCIAL STATEMENTS

Pursuant to Section 7 (2) of the Financial Reporting Council of Nigeria Act, 2011, we have reviewed the Annual Reports and Consolidated Financial Statements of Julius Berger Nigeria Plc and subsidiaries for the year ended December 31, 2020.

Based on our knowledge, the Consolidated Financial Statements do not contain any untrue statement of a material fact or omit to state a material fact necessary and are not misleading with respect to the period covered by the report.

The Code of Ethics Statement of Business Practices formulated by the Board has been implemented as part of the corporate governance practices of the Group throughout the period of intended reliance, and the Directors and Key Executives of the Group had acted honestly, in good faith and in the best interests of the whole Group.

The Consolidated Financial Statements, and other financial information included therein, fairly present in all material respects the financial condition, results of operations and cash flows of the Group as of, and for, the period presented in the Consolidated Financial Statements.

We are responsible for designing the internal controls and procedures surrounding the financial reporting process and assessing these controls (as required by Section 7 (2) (f) of the Financial Reporting Council of Nigeria Act, 2011) and have designed such internal controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the Group is made known to us by others within those entities, particularly during the period in which this report is being prepared. The controls, which are properly designed, have been operating effectively in the period of intended reliance.

Based on the foregoing, we, the undersigned, hereby certify that to the best of our knowledge and belief the information contained in the Consolidated Financial Statements for the year ended December 31, 2020, appear to be true, correct and up to date.

Engr. Dr. Lars Richter
Managing Director
FRC/2019/COREN/00000019602

Mr. Martin Bruck
Financial Director
FRC/2014/ANAN/00000006481

March 24, 2021

Report of the

Audit Committee

In compliance with S404 (7) of CAMA, we, the members of the Statutory Audit Committee whose names are stated hereunder, have reviewed and considered the Auditor's Report required to be made in accordance with S404 (7) of CAMA, the consolidated audited Financial Statements of the Group for the year ended December 31, 2020, and the reports thereon, confirm as follows:

1. The accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices.
2. The scope and planning of audit requirement were in our opinion adequate.
3. We have reviewed the findings on Management matters, in conjunction with the External Auditors, and are satisfied with the response of Management thereon.
4. The systems of accounting and internal controls for the Group are adequate.
5. We have made the recommendations required to be made in respect of the External Auditors.

Members of the Audit Committee

Brig. Gen. Emmanuel Ebije Ikwue, GCON
Chief Timothy Ayobami Adesiyan
Sir Sunday Nnamdi Nwosu, KSS
Mr. Ernest Chukwudi Ebi, MFR, FCIB, FIOD
Engr. Jafaru Damulak
Dr. Ernest Nnaemeka Azudialu-Obiejesi

Signed on behalf of the Committee by,

Brig. Gen. Emmanuel Ebije Ikwue, GCON
Chairman of the Statutory Audit Committee
FRC / 2015 / ICIDN / 00000001209

March 19, 2021

Nexia
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41 Anthony Enahoro Street
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF JULIUS BERGER NIGERIA PLC
ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Julius Berger Nigeria Plc and its subsidiaries** which comprise the consolidated statement of financial position as at 31 December 2020, 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, a summary of significant accounting policies and other explanatory information set out on pages 22 to 75.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Julius Berger Nigeria Plc and its subsidiaries** as at 31 December 2020 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act No 6, 2011.

Basis for opinion

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 Company and its subsidiaries in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 period. 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.

Revenue recognition	
See note 3.6 and note 8 to the consolidated financial statements.	
Key audit matter	**How our audit addressed the matter**
Revenue is a significant measure of the performance of the group. The Group has adopted IFRS 15 - Revenue from Contract with Customers. There is a risk of wrong application of the standard.	- Our audit procedures include testing of the design, existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions. - We obtained and reviewed contract documents to identify the contracts with customers and the performance obligations contained therein. - We reviewed the allocation of contract price to the performance obligations contained in the contracts. We also reviewed Certificates of Valuation to ensure that revenue is recognised only when an agreed performance obligation is satisfied in accordance with contract. - We performed substantive analytical procedures and investigated differences in excess of the threshold. - We reviewed basis of valuation of foreign denominated contracts. - We performed cut-off tests to ensure that revenue were recognised in the right period.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance 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 appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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 regards.

Responsibilities of management and those charged with governance for the consolidated financial statemer

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria Act No 6, 2011, the International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company or its subsidiaries 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.

We communicate with the board of directors 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 those charged with governance 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.

Report on other legal and regulatory requirements

In compliance with the requirements of the Fifth Schedule of the Companies and Allied Matters Act 2020, we confirm that:

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

ii) the Company and its subsidiaries have kept proper books of account, so far as appears from our examination of those books; and

iii) the consolidated statements of financial position and comprehensive income are in agreement with the books of account and returns.

Abel Onyeke, FCA - FRC/2012/ICAN/00000000119

for: Nexia Agbo Abel & Co

Chartered Accountants

Abuja, Nigeria

24 March 2021

JULIUS BERGER

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 31/12/2020 N'000	Group 31/12/2019 N'000	Company 31/12/2020 N'000	Company 31/12/2019 N'000
Revenue	8	243,779,455	266,430,227	235,206,675	243,488,979
Cost of sales		(195,519,528)	(206,310,783)	(189,667,229)	(197,868,072)
Gross profit		**48,259,927**	**60,119,444**	**45,539,446**	**45,620,907**
Marketing expenses		(287,848)	(139,683)	(245,350)	(113,568)
Administrative expenses		(34,510,089)	(37,029,883)	(29,905,470)	(24,826,739)
Impairment loss on trade and tax receivables	24.6	(965,734)	(2,965,025)	953,701	(3,136,894)
Operating profit		**12,496,256**	**19,984,853**	**16,342,327**	**17,543,706**
Investment income	9	461,325	677,530	1,004,275	687,932
Other gains and losses	10	(1,167,310)	256,636	(1,334,720)	(924,367)
Finance cost	11	(5,715,935)	(7,000,307)	(5,717,075)	(7,227,547)
Foreign exchange acquisition loss		(4,259,796)	-	(4,219,796)	-
Profit before tax	12	**5,856,642**	**13,918,812**	**8,075,009**	**10,079,724**
Income tax expense	14.1	(2,620,369)	(5,159,277)	(2,429,799)	(3,512,918)
Profit for the year		**3,236,273**	**8,759,535**	**5,645,210**	**6,566,806**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Actuarial losses on retirement benefits		(933,841)	(358,174)	(933,841)	(358,174)
Related tax	14.1	298,829	114,616	298,829	114,616
		(635,012)	(243,558)	(635,012)	(243,558)
Items that may be reclassified subsequently to profit or loss:					
Differences on translating foreign operations		4,684,427	(957,875)	-	-
Related tax		-	-	-	-
Total comprehensive income		**7,285,688**	**7,558,102**	**5,010,198**	**6,323,248**
Attributable to:					
Owners of the company		7,281,850	7,554,354	5,010,198	6,323,248
Non-controlling interests		3,838	3,748	-	-
Total comprehensive income		**7,285,688**	**7,558,102**	**5,010,198**	**6,323,248**
Earnings per share					
Basic earnings per share (₦)	15	4.60	5.77	3.16	4.79
Diluted earnings per share (₦)	15	4.60	4.77	3.16	3.99

		Group		Company	
Assets	Note	31/12/2020 N'000	31/12/2019 N'000	31/12/2020 N'000	31/12/2019 N'000
Non-current assets					
Property, plant and equipment	16	45,567,363	42,769,660	42,533,884	39,700,230
Right of use assets	18	14,267,877	13,417,531	1,907,975	1,918,354
Goodwill	19.1	11,393,512	9,264,647	-	-
Other intangible assets	19.2	2,074,355	2,262,601	-	-
Investment property	20	1,972,987	1,792,431	1,972,987	1,792,431
Investment in subsidiaries	21.1	-	-	16,916,773	16,916,773
Other financial assets	21.2	2,505,606	2,048,547	-	-
Trade and other receivables	24	64,647,370	52,908,763	64,647,370	52,908,763
Tax receivable	25	28,182,927	26,600,384	27,408,092	25,566,705
Deferred tax assets	14.3	6,623,980	3,798,902	4,031,003	3,617,728
Total non-current assets		175,025,805	152,707,644	159,408,122	140,420,982
Current assets					
Inventories	22	16,517,762	19,520,759	15,340,561	17,858,884
Trade and other receivables	24	98,544,093	102,297,374	94,155,708	97,791,085
Tax receivable	25	2,349,524	3,476,209	2,063,572	3,302,643
Contract asset	26	1,666,457	1,559,910	-	-
Cash and cash equivalents		34,951,861	34,135,479	20,253,663	13,482,752
		153,830,597	160,929,731	131,813,505	132,434,473
Assets classified as held for sale	17	195,873	23,252	105,141	21,553
Total current assets		153,916,470	160,952,983	131,918,642	132,456,025
Total assets		328,942,239	313,660,668	291,346,764	272,877,007
Equity and liabilities					
Equity					
Share capital	27	792,000	660,000	792,000	660,000
Share premium	27	425,440	425,440	425,440	425,440
Foreign currency translation reserve		15,997,480	9,505,062	-	-
Retained earnings		27,683,487	29,892,143	21,546,928	19,308,730
Equity attributable to owners of the Company		44,898,407	40,270,635	22,764,368	20,394,170
Noncontrolling interests	28	59,195	37,357	-	-
Total equity		44,957,602	40,307,992	22,764,368	20,394,170
Non - Current liabilities					
	29.2				
Borrowings	1	5,505,437	7,273,975	5,505,437	7,273,975
Deferred tax liabilities	14.3	8,498,928	8,730,298	7,894,250	7,508,347
Contract liabilities	25	167,560,787	169,950,198	167,560,787	169,950,198
Retirement benefit liabilities	30.2	4,613,589	3,558,930	3,204,375	2,862,535
Trade and other payables	31	6,175,492	9,107,864	2,033,598	4,867,379
Lease liabilities	32	14,248,739	13,408,617	417,324	476,568
Provisions	33	1,234,522	873,946	300,000	300,000
Total non-current liabilities		207,617,258	212,630,818	186,915,877	192,418,589
Current liabilities					
Contract liabilities	25	537,625	191,166	-	-
Bank overdrafts	29.1	10,501,815	6,211,511	10,501,815	6,211,511
Borrowings	1	2,510,586	1,818,494	2,510,586	1,818,494
Retirement benefit liabilities	30.3	540,505	348,450	326,750	136,141
Trade and other payables	31	69,720,751	47,036,280	57,611,546	47,988,516
Lease liabilities	32	1,641,388	1,570,703	179,988	179,908
Current tax payable	14.2	2,629,536	3,937,454	2,356,558	3,750,078
Total current liabilities		76,377,388	60,693,858	82,066,909	60,064,288
Total liabilities		283,994,633	273,312,676	268,582,396	252,482,837
Total equity and liabilities		328,942,239	313,660,668	291,346,764	272,877,007

These financial statements were approved by the directors on 24 March 2021 and signed on its behalf by:

Engr. Dr. Lars Richter
FRC/2019/COREN/00000019602
Managing Director

Martin Brack
FRC/2014/ANAN/00000006401
Financial Director

The accounting policies on pages 28 to 43 and notes on pages 44 to 75 form part of these consolidated financial statements.

Group

	Share capital N'000	Share premium N'000	Foreign currency translation reserve N'000	Retained earnings N'000	Attributable to owners of the Company N'000	Attributable to non- controlling interest N'000	Total equity N'000
Balance at 1 January 2019	660,000	425,440	10,260,927	24,009,914	35,356,281	61,609	35,417,890
Profit for the year	-	-	-	8,755,787	8,755,787	3,748	8,759,535
Other comprehensive income (net of tax)	-	-	(957,875)	(243,558)	(1,201,433)	-	(1,201,433)
Dividends to shareholders	-	-	-	(2,640,000)	(2,640,000)	(8,000)	(2,648,000)
Balance at 1 January 2020	660,000	425,440	9,303,052	29,882,143	40,270,635	57,357	40,327,992
Profit for the year	-	-	-	1,232,435	1,232,435	3,838	1,236,273
Other comprehensive income (net of tax)	-	-	6,684,427	(635,012)	6,049,415	-	6,049,415
Total comprehensive income	-	-	6,684,427	597,423	7,281,850	3,838	7,285,688
Scrip Issue	132,000	-	-	(132,000)	-	-	-
Prior year adjustment	-	-	-	(24,079)	(24,079)	-	(24,079)
Dividends to shareholders	-	-	-	(2,640,000)	(2,640,000)	(2,000)	(2,642,000)
Balance at 31 December 2020	**792,000**	**425,440**	**15,987,480**	**27,683,487**	**44,888,407**	**59,195**	**44,947,602**

Company

	Share capital N'000	Share premium N'000	Foreign currency translation reserve N'000	Retained earnings N'000	Attributable to owners of the Company N'000	Attributable to non- controlling interest N'000	Total equity N'000
Balance at 1 January 2019	660,000	425,440	-	15,625,482	16,710,922	-	16,710,922
Profit for the year	-	-	-	6,566,806	6,566,806	-	6,566,806
Other comprehensive income (net of tax)	-	-	-	(243,558)	(243,558)	-	(243,558)
Dividends to shareholders	-	-	-	(2,640,000)	(2,640,000)	-	(2,640,000)
Balance at 1 January 2020	660,000	425,440	-	19,308,730	20,394,170	-	20,394,170
Profit for the year	-	-	-	5,645,210	5,645,210	-	5,645,210
Other comprehensive income (net of tax)	-	-	-	(635,012)	(635,012)	-	(635,012)
Total comprehensive income	-	-	-	5,010,198	5,010,198	-	5,010,198
Script Issue	132,000	-	-	(132,000)	-	-	-
Dividends to shareholders	-	-	-	(2,640,000)	(2,640,000)	-	(2,640,000)
Balance at 31 December 2020	**792,000**	**425,440**	**-**	**21,546,928**	**22,764,368**	**-**	**22,764,368**

		Group		Company	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
	Note	N '000	N '000	N '000	N '000
Cashflows from operating activities					
Cash receipts from customers		304,976,833	295,310,604	233,485,880	271,174,290
Cash paid to suppliers and employees		(294,536,351)	(255,470,913)	(219,206,628)	(241,481,119)
Cash provided by operating activities		10,440,482	39,839,691	14,279,252	29,693,171
Cash paid for taxes		(410,944)	(660,604)	(427,435)	(419,945)
Foreign exchange acquisition loss		(4,219,796)	-	(4,219,796)	-
Net cash generated by operating activities	34	5,809,742	39,179,087	9,632,021	29,273,226
Cashflows from investing activities					
Purchase of property, plant and equipment	16	(9,804,187)	(8,004,062)	(9,300,454)	(7,369,391)
Interest received	9	461,325	677,530	461,273	415,932
Dividend received		-	-	343,000	290,000
Proceeds from disposal of property, plant and equipment		1,485,363	624,309	1,484,163	606,641
Net cash used in investing activities		(7,857,499)	(6,702,223)	(7,012,018)	(6,056,818)
Cashflows from financing activities					
Term loan	29	(1,945,189)	9,092,469	(1,945,189)	9,092,469
Payment of lease liabilities	32	(2,598,493)	(3,038,594)	(1,295,705)	(1,671,991)
Interest paid	11	(3,058,679)	(6,494,443)	(3,058,679)	(7,227,546)
Dividends paid		(2,642,000)	(2,648,000)	(2,640,000)	(2,640,000)
Net cash used in financing activities		(10,244,361)	(3,088,570)	(8,939,572)	(2,447,068)
Net (decrease)/increase in cash and cash equivalents		(12,292,118)	29,388,294	(6,319,569)	20,769,340
Cash and cash equivalents at 1 January		27,922,168	(1,466,126)	7,271,421	(13,497,919)
Cash and cash equivalents at 31 December	34.1	15,630,050	27,922,168	951,852	7,271,421
Cash and cash equivalents consist of:					
Cash and bank balances		34,931,861	34,133,479	20,253,663	13,482,732
Bank overdraft		(19,301,811)	(6,211,311)	(19,301,811)	(6,211,311)
	34.1	15,630,050	27,922,168	951,852	7,271,421

1. General information

Julius Berger Nigeria Plc was incorporated as a private limited liability Company on 18 February 1970. The Company subsequently converted to a public liability company in 1979 with its shares quoted on the Nigerian Stock Exchange. It is registered in Nigeria with registration number, RC 6852. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in notes 21 and 36 to the consolidated financial statements.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the year ended 31 December 2020.

The following revisions to accounting standards and pronouncements were issued and effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Amendments to References to Conceptual Framework in IFRS Standards	The main changes to the Framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements. Under the new framework, a company would book as an asset a right to use the asset, rather than the asset itself. A liability will be recognised if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present. A company will take an asset off balance sheet when it loses control over all or part of it – i.e. the focus is no longer on the transfer of risks and rewards. Some of the concepts in the revised Framework are entirely new – such as the 'practical ability' approach to liabilities. As they have not been tested as part of any recent standard-setting process, it is unclear what challenges the Board will encounter when using them to develop standards in the future. It is also unclear what challenges preparers of financial statements will face after those future standards become effective.	1 January 2020
Definition of a Business – Amendments to IFRS 3	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.	1 January 2020

2. Application of new and revised International Financial Reporting Standards (IFRS) (Continued)

2.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the year ended 31 December 2020.

The following revisions to accounting standards and pronouncements were issued and effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Definition of Material – Amendments to IAS 1 and IAS 8	The International Accounting Standards Board (IASB) has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: • that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and • the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.	1 January 2020
Revised Conceptual Framework for Financial Reporting	The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include: • increasing the prominence of stewardship in the objective of financial reporting • reinstating prudence as a component of neutrality • defining a reporting entity, which may be a legal entity, or a portion of an entity • revising the definitions of an asset and a liability • removing the probability threshold for recognition and adding guidance on derecognition • adding guidance on different measurement basis, and • stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.	1 January 2020

2. Application of new and revised International Financial Reporting Standards (IFRS) (Continued)

2.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the year ended 31 December 2020.

The following revisions to accounting standards and pronouncements were issued and effective at the reporting period.

Pronouncement	**Nature of change**	**Required to be implemented for periods beginning on or after**
Interest Rate Benchmark Reform (Amendments to IFRS 7, IFRS 9 and IAS 39)	The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.	1 January 2020
Covid-19-related Rent Concessions (Amendments to IFRS 16)	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.	1 June 2020

2. **Application of new and revised International Financial Reporting Standards (IFRS) (Continued)**

2.2 New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ended 31 December 2020.

The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period (Earlier application is permitted in some cases).

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	The following improvements were finalised in May 2020: • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022

2. Application of new and revised International Financial Reporting Standards (IFRS) (Continued)

2.2 New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ended 31 December 2020.

The following *revisions* to accounting standards and pronouncements were issued but not effective at the reporting period (Earlier application is permitted in some cases).

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – (Amendments to IFRS 10 and IAS 28)	Consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively. ** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method. The directors do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.	N/A**

2. Application of new and revised International Financial Reporting Standards (IFRS) (Continued)

2.2 New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ended 31 December 2020

The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period (Earlier application is permitted in some cases).

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of: • Discounted probability-weighted cash flows • An explicit risk adjustment, and • A contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The directors do not anticipate that the application of the Standard in the future will have an impact on the consolidated financial statements.	1 January 2023

3. Significant accounting policies

3.1 Statement of compliance

The consolidated and separate financial statements of the Group have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments ,actuarial valuation, inventory which are measured at fair value, amortised cost, projected credit method and net realizable value. The following are the significant accounting policies adopted by the Group in the preparation of these consolidated financial statements.

The accompanying consolidated and separate financial statements in Nigerian Naira (the functional currency of the Group) have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria (FRCN) and as applicable, the Companies and Allied Matters Act (CAMA), 2020.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company;

- has power over the investee;
- is exposed, or has right, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than the majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in the investee are sufficient to give power, including

- the size of the Company's holding of the voting rights relative to the size and dispersion of the holding of other vote holders
- potential voting rights held by the Company, other holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the Group are eliminated in full on consolidation.

3. **Significant accounting policies (Continued)**

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9.

3. Significant accounting policies (Continued)

3.4 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. Significant accounting policies (Continued)

3.4.1 Acquisition of interests from non-controlling shareholders

Acquisitions of non-controlling interests are accounted for as transactions within equity. There is no measurement to fair value of net assets acquired that were previously attributable to non-controlling shareholders.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Revenue recognition

3.6.1 Goods and services

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced with estimated customer returns, rebates and other similar allowances. Revenue is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense.

Sale of goods: Revenue from the sale of goods is recognised when the goods are delivered and titles have passed and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue represents the net invoice value of sales to third parties and it is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Rendering of services: Revenue from rendering of services is recognised in the period the services are rendered. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenues from other income generated from refunds and recoveries by insurance companies and other regulatory bodies are recognised when net cash is received.

3.6.2 Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, measured based on the proportion of work completed to date relative to the estimated total contract amount. Variations in contract work, claims and incentive payments are included to the extent that they can be reliably measured and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3. Significant accounting policies (Continued)

3.7 Gross amount due from customers

This represents work-in-progress (valued on the basis of engineers' estimate of the quantum of work done but not yet certified) plus recognised profits less recognised losses. Claims receivable arising on contracts are normally taken to income when agreed. In the case of unprofitable contracts, full provision is made for anticipated future losses after taking into account a prudent estimate of claims arising in respect of such contracts.

3.8 Advance payments received

Advanced payments received are amounts received before the related work is performed and are assessed on initial recognition to determine whether it is probable that it will be repaid in cash or another financial asset. In this instance, the advance payment is classified as a non-trading financial liability that is carried at amortised cost. If it is probable that the advance payment will be repaid with goods or services, the liability is carried at historic cost.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any.

Self-produced assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes direct costs, appropriate allocations of materials and other overheads associated with the production of the assets, professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Maintenance, repairs, and renewals are generally charged to expense during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

No depreciation to land and capital work in progress applies.

Losses or gains on disposals of assets are recognised in the Profit or Loss under 'other gains and losses'.

Depreciation is recognised so as to write-off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

	Residual values (%) on cost	Useful lives (years)
Building	10	25
Plant and machinery	5	10
Office Equipment	5	6

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant accounting policies

3.10 Property, plant and equipment (Continued)

3.10.1 Capitalisation

Expenditure related to an acquisition or repair is capitalized only if it extends the useful lives or increases the production capacity of the assets in question. The identification of such expenses is based on a certain criteria identified by management and/or threshold reviewed from time to time. The criteria as set in the preparation of these financial statements are as follows:

3.10.1.1 Items to capitalise

- Any purchase of a piece of equipment (i.e. office furniture, machinery, equipment, etc.) of not less than N1,500,000.
- Expenditures in the nature of repairs of not less thanN1,500,000.
- Computer and related equipment of not less than N1,500,000.
- Expenditure on building of not less than N1,500,000.

3.10.1.2 Items to be expensed

- Any item that will not last more than 12 months should be currently expensed when used.
- Any purchase of a piece of equipment (i.e. office furniture, machinery, equipment, etc.) that is less than N1,500,000.
- Expenditures in the nature of repairs can be expensed if less than N1,500,000.
- Computers and related equipment that is less than N1,500,000.

3.11 Investment property

All property classified as investment property are measured at cost. Investment property is recognized when it is probable that the company will enjoy the future economic benefits which are attributable to it, and when the cost or fair value can be reliably measured. Costs include directly attributable expenditure such as legal fees and property transfer taxes.

Transfers to or from investment property is made only when there is a demonstrated "change in use" as a result of a transfer:

- From investment property to owner-occupied property, when owner-occupation commences;
- From investment property to inventories, on commencement of development with a view to sale;
- From an owner-occupied property to investment property, when owner-occupation ends;
- Of inventories to investment property, when an operating lease to a third party commences; or
- Of property in the course of development or construction to investment property, at end of the construction or development.

An investment property is derecognized on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses arising on the disposal or retirement of an investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss for the period.

Depreciation is recognised so as to write-off the cost of investment properties less their residual values over their useful lives, using the straight line method. Where such investment properties are revalued, depreciation is recognized over the useful life of the asset in a pattern which best reflects the consumption pattern over the estimated useful life of such assets.

3. Significant accounting policies (Continued)

3.12 Non current assets held for sale

Non-current assets and disposal Groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal Group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal Groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.13 The group's leasing activities and how these are accounted for

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3.13.1 The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.13.2 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated and separate statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

3. Significant accounting policies (Continued)

3.13.2 The Group as lessee (Continued)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the

3.14 Intangible assets

An intangible asset is an identifiable, non-monetary asset that has no physical substance. An intangible asset is recognised when it is identifiable; the Group has control over the asset; it is probable that economic benefits will flow to the Group; and the cost of the asset can be measured reliably.

3.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.14.2 Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised when all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14.4 Intangible assets from service concession arrangement

IFRIC 12, Service Concession Arrangements are arrangements whereby a government or other body (the grantor) grants contracts for the supply of public services, such as roads, energy distribution, prisons or hospitals, to a private sector entity (the operator). These are often referred to as 'public-to-private' arrangements.
Some common features of service concession arrangements are as follows. [IFRIC 12:3]

• The grantor is a public sector entity, including a governmental body, or a private sector entity to which the responsibility for the service has been devolved.

• The operator is responsible for at least some of the management of the infrastructure and related services and does not merely act as an agent on behalf of the grantor.

• The contract sets the initial prices to be levied by the operator and regulates price revisions over the period of the service arrangement.

• The operator is obliged to hand over the infrastructure to the grantor in a specified condition at the end of the period of the arrangement, for little or no incremental consideration irrespective of which party initially financed it.

3. Significant accounting policies (Continued)

3.14 Intangible assets (Continued)

3.14.4 Intangible assets from service concession arrangement (Continued)

In accounting for service concession arrangement, IFRIC 12 permits the use of any one of three models which are:

- Financial asset model
- Intangible asset model
- Bifurcated model

Financial Asset Model: The financial asset model applies if the operator has a contractual right to receive cash from or at the direction of the grantor and the grantor has little, if any, discretion to avoid payment.

Intangible Asset Model: The intangible asset model applies if the operator receives the right (license) to charge users, or the grantor, based on the usage of the public service. There is no unconditional right to receive cash because the amounts are contingent on the extent to which the public uses the service. [IFRIC 12.17]

Bifurcated Model: Bifurcated model applies when an operator receives a financial asset and an intangible asset as consideration.

Based on the contract between the Nigerian Port Authority (NPA) and Julius Berger Service Limited, the amount to be received by the Company are dependent on the extent that the public uses the Multi-Purpose Terminal. Specifically, the Company has a right to charge users of the terminal over the 25 years agreement term; to this extent, the arrangement will be recognised as an intangible in the books of the Company.

Accounting for contractual payments

Under the intangible asset model, concession payments would be treated in accordance with IAS 38 as part of the consideration for the intangible asset. Concession fees are much more commonly a feature of arrangements which follow the intangible asset model.

Consequently, the operator will recognize revenue for services operations, the intangible asset will be recognized as the present value of periodic payment taking into consideration the effective discount rate on the contract with a corresponding recognition of a financial liability and an unwinding discount on the concession fee. The intangible asset will be amortized in equal annual instalments over the term of the contract.

3.14.5 Derecognition of intangible assets

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

3.15 Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation. In addition to the cost of materials and direct labour, an appropriate proportion of production overhead that have been incurred in bringing the inventories to their present location and condition is included in the inventory values. An allowance is recorded for excess inventory and obsolescence is based on the lower of cost or net realisable value.

Cost is determined using standard cost, which approximates actual cost, on a First-In-First-Out (FIFO) basis.

3. Significant accounting policies (Continued)

3.16 Taxation

Taxation represents the sum of income tax payable and deferred tax.

3.16.1 Income and deferred tax for the year

Income and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where income tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.16.2 Income tax

Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated based on Companies Income Tax Act (CAP C21 LFN 2004) as amended to date and tax rates that have been enacted or substantively enacted by the end of the reporting date.

3.16.3 Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated and separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Provision for deferred taxation is made by the liability method and calculated at the tax rate that applies during the period of reversal on the differences between the net book value of qualifying property, plant and equipment and their corresponding tax written down values. Also consideration is given for provision for retirement benefit which have not been paid in the year.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates enacted by the end of the reporting period.

3.17 Foreign currencies

All transactions in foreign currencies are recorded in Naira at the rate of exchange ruling at the dates of the transactions. Monetary items are converted to Naira at the rates of exchange ruling at the reporting date. All differences arising there from are taken to the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated and separate financial statements, the assets and liabilities of the Group's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

3.18 Dividends

Dividends on ordinary shares to shareholders are recognised in equity in the period in which they are paid or, if earlier, approved by the shareholders at the Annual General Meeting.

3.18.1 Unclaimed dividend

Segregated accounts are maintained for unclaimed dividends and are recoverable by shareholders within twelve years and actionable only when declared. Any amounts standing to the credit of unclaimed dividend are invested separately while amounts unclaimed after twelve years are taken to retained earnings in line with CAMA.

3. Significant accounting policies (Continued)

3.19 Retirement benefits

3.19.1 Defined contribution plan

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Retirement benefit plans for members of staff are structured through a defined contributory pension scheme, which is independent of the Group's finances and is managed by Pension Fund Administrators. The scheme, which is funded by contributions from both employees and employer at 8% and 10% respectively, is consistent with the Pension Reform Act 2014.

3.19.2 Defined benefit plan

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out periodically so that a provision for the present value of the estimated cost for liabilities due at the reporting date in respect of employees' terminal gratuities based on qualifying years of service and applicable emoluments as per operating collective agreement is being made in the statement of financial position.

3.19.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised 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.

3.19.4 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

3.19.5 Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed 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 benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be

3.20 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.20.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.20.1.1 Amortised cost and effective interest method

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

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "investment income" line item.

3 **Significant accounting policies (Continued)**

3.20.1.2 Classification of financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
By default, all other financial assets are measured subsequently.

Trade and other receivables
Trade and other receivables are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method. The provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

• the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

• the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists, and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis. All short term cash investments are invested with major financial institutions in order to manage credit risk.

3.20.1.3 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore, for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in profit or loss.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the Profit or loss.

3. Significant accounting policies (Continued)

3.20.1.4 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty or
- breach of contract, such as a default or delinquency in interest or principal payments or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account.

Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3. Significant accounting policies (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.20.1.5 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as fair-value-through-other-comprehensive-income (FVTOCI), the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

3.20.2 Financial liabilities and equity instruments

3.20.2.1 Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.20.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.20.2.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Group does not have financial liabilities classified as financial liabilities 'at FVTPL'.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

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

3.20.2.4 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the 'other gains and losses' line item (note 8) in the profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

3. Significant accounting policies (Continued)

3.20.2.5 De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.21 Provisions

Provisions are recognised when the Group has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.21.1 Contingent liabilities

During the evaluation of whether certain liabilities represent contingent liabilities or provisions, management is required to exercise significant judgment. Based on the current status, facts and circumstances, management concluded that the dispute with a claimant (as disclosed in Note 37) should be classified as a contingent liability rather than a provision.

3.22 Related parties

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all executive and non-executive directors. Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

3.23 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the Total comprehensive income attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share (DPS) are calculated using fully diluted shares outstanding (i.e. including the impact of stock option grants and convertible bonds).

3.24 Segment reporting

Segment information is presented in respect of the Group's business segments. The business segments are determined by management based on the Group's internal reporting structure. The determination of the Group's operating segments is based on the organisation units for which information is reported to the Group's management. The Group has three segments, Building, civil and Services. The three segments have separate management and reporting structures and are considered separately reportable operating segments. Certain headquarter activities are reported as "Corporate." These consist of corporate headquarters, including the Corporate Executive Committee, corporate communications, corporate human resources, corporate finance, including treasury, taxes and pension fund management, corporate legal and corporate safety and environmental services.

A segment is a distinguishable component of the Group that is engaged in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3. Significant accounting policies (Continued)

3.24 Segment reporting (Continued)

Transfer prices between operating segments are set on an arm's length basis. Operating assets and liabilities consist of property, plant, and equipment, goodwill and intangible assets, trade receivables/payables, inventories and other assets and liabilities, such as provisions, which can be reasonably attributed to the reported operating segments. Non-operating assets and liabilities mainly include current and deferred income tax balances, postemployment benefit assets/liabilities and financial assets/liabilities such as cash, marketable securities, investments and debt.

3.25 Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

3.26 Transfer pricing

Transactions between entities in the Group and all connected persons are carried on in a manner consistent with the arm's length principle using the appropriate transfer pricing method.

3.27 Decommissioning provisions

The provision for decommissioning serves to cover the costs associated with the decommissioning of assets. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied for existing obligations are added to or deducted from the cost of the asset. Estimated future costs for decommissioning obligations arising after the related asset is brought into use are recognised in the Profit or loss.

3.28 Financial income and cost

Financial income comprises interest income on funds invested, dividend income, net gains on the disposal of held-for-sale financial assets, net fair value gains on financial assets at fair value through profit or loss, net gains on the re-measurement to fair value of any pre-existing available-for-sale interest in an acquiree, and net gains on hedging instruments that are recognized in the Profit or loss.

Financial costs on the other hand represent interest on loans, overdraft and related facilities.

Interest income and cost is recognized on accrual basis in the Statement of income, using the effective interest method. Dividend income is recognized in the Statement of income on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

4. Critical judgements areas and estimation of key sources of uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1.1 Income taxes

The group is subject to various forms of taxes. Significant judgement is required in determining the provision for income and other related taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4.1.2 Judgments in determining the timing of satisfaction of performance obligations

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

4.1.3 Allowance for doubtful debts/receivables

The Group has recognised allowances for credit losses on receivables by assessing the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customers to pay. Management believes that except for the receivables on which allowance has been made, all other receivables are recoverable despite their age because they are mainly due from various government and government entities.

4.1.4 Review of the useful lives of tangible assets

The directors believe that the consumption pattern on items of property, plant and equipment is such that the book value is spread equally over the useful life of the assets. The judgment exercised is based on past experience with similar assets, technological obsolescence and declining residual values.

4.1.5 Write down of inventories to Net realisable value

Inventories are measured at the lower of cost and net realisable. Net realizable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale. Management has written down inventories that are obsolete to a nil value after considering the non-movements of these inventory items for two (2) years. Write-back of previous allowances on inventory are effected when the items are subsequently put into use.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4. Critical judgements areas and estimation of key sources of uncertainty (Continued)

4.2.1 Provision for gratuity

Within the Group, Julius Berger Nigeria Plc (the company) operates an unfunded defined benefit scheme which entitles staff who put in a minimum qualifying working period of five years to gratuity upon leaving the employment of the Company. IAS 19 requires the application of the Projected Unit Credit Method for actuarial valuations. Actuarial measurements involve the making of several demographic projections regarding mortality, rates of employee turnover etc and financial projections in the area of future salaries and benefit levels, discount rate, inflation etc.

4.2.2 Impairment loss on property, plant and equipment

Management considered several factors to assess items of property, plant and equipment for impairment, some of which includes the physical damage caused by accidents, technological obsolescence, decline in value etc. The individual assets carrying values were compared with their recoverable amount and impairment losses have been recognised on those assets. In determining fair value less cost to sell, management has derived fair value information from the sales proceeds received on similar assets. This is the best information available to reflect the amount that the Group could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

5. Changes in accounting policies.

Except for the change below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

5.1 IFRS 16 - Leases

This note explains the impact of the adoption of IFRS 16 Leases on the consolidated financial statements.

As indicated in note 3.2 above, the group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 3.13.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 14%.

Practical expedients applied:

In applying IFRS 16 for the first time, the group used the following practical expedients permitted by the standard:

• Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

• Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019.

• Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

• Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

• Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

6. Revenue

6.1 Disaggregated revenue information

Group	Government		Private		Total Reportable Segments	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Primary geographical markets	N'000	N'000	N'000	N'000	N'000	N'000
Nigeria	198,139,943	222,889,014	38,296,336	34,606,644	236,436,279	257,495,658
Europe & Asia	-	-	5,343,176	8,934,569	5,343,176	8,934,569
	198,139,943	222,889,014	43,639,512	43,541,213	241,779,455	266,430,227
Major product/services lines						
Civil works	149,273,804	127,046,738	32,876,945	24,818,491	182,150,749	151,865,229
Building works	30,952,297	75,782,265	6,817,117	14,804,013	37,769,414	90,586,278
Services	17,913,842	20,060,011	3,945,450	3,918,709	21,859,292	23,978,720
	198,139,943	222,889,014	43,639,512	43,541,213	241,779,455	266,430,227
Timing of revenue recognition						
At a point in time	17,820,680	1,557,632	8,787,543	12,285,185	26,608,223	13,842,817
Over time	180,319,264	221,331,382	34,851,969	31,256,028	215,171,233	252,587,410
	198,139,943	222,889,014	43,639,512	43,541,213	241,779,455	266,430,227

Company	Government		Private		Total Reportable Segments	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Primary geographical markets	N'000	N'000	N'000	N'000	N'000	N'000
Nigeria	197,109,502	210,764,790	38,097,173	32,724,188	235,206,675	243,488,978
Europe & Asia	-	-	-	-	-	-
	197,109,502	210,764,790	38,097,173	32,724,188	235,206,675	243,488,978
Major product/services lines						
Civil works	148,497,495	120,135,930	28,701,482	18,652,787	177,198,977	138,788,717
Building works	30,791,327	71,660,029	5,951,324	11,126,224	36,742,651	82,786,253
Services	17,820,680	18,968,831	3,444,367	2,945,177	21,265,047	21,914,008
	197,109,502	210,764,790	38,097,173	32,724,188	235,206,675	243,488,978
Timing of revenue recognition						
At a point in time	17,820,680	1,557,632	3,444,367	3,350,616	21,265,047	4,908,248
Over time	179,288,822	209,207,158	34,652,806	29,373,572	213,941,628	238,580,730
	197,109,502	210,764,790	38,097,173	32,724,188	235,206,675	243,488,978

6.2 Transaction Price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Group			Company		
	2021	2022	Total	2021	2022	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Civil Works	158,200,000	160,400,000	318,600,000	158,200,000	160,400,000	318,600,000
Building Works	79,200,000	89,000,000	168,200,000	79,200,000	89,000,000	168,200,000
Services	31,900,000	22,000,000	53,900,000	31,900,000	22,000,000	53,900,000
Diversification	2,000,000	7,600,000	9,600,000	2,000,000	7,600,000	9,600,000
Total	271,300,000	279,000,000	550,300,000	271,300,000	279,000,000	550,300,000

All contracts with customers has been considered in the amounts presented above.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Management expect that incremental fees to intermediaries as a result of obtaining contracts with customers are receivables. There were no incremental fees recognised in the period to 31 December 2020.

6.3 Performance obligations

Information about the Group's performance obligations are summarised below:

Civil works

The performance obligation here is satisfied over-time and payment is generally due upon progress report and acceptance of the customer. In some contracts, short-term advances are required before these works are provided.

Building works

The performance obligation here is satisfied over-time and payment is generally due upon progress report and acceptance of the customer. In some contracts, short-term advances are required before these works are provided.

Services

The performance obligation here is satisfied over-time and payment is generally due upon progress report and acceptance of the customer. In some contracts, short-term advances are required before these services are provided.

7. Segmental analysis

The Company has determined its business segments based on the information reviewed for the purpose of efficiently allocating resources for the execution of its operations. The Company assesses the performance of business segments based on a measure of adjusted Earning Before Interest, Tax, Depreciation and Amortization (EBITDA). This measurement basis excludes investment income, finance costs and taxes. These income and expenditures are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Julius Berger Nigeria Plc has three business segments which offer civil works, building works and services to third parties across Nigeria. Julius Berger Nigeria Plc is organised by operational regions, which manage and report progress for all business segements within their respective region. The Company has an institutionalised framework (under the leadership of the Managing Director) which regularly reviews the performance of the operational regions.

7.1 Principal segment activities

Civil works

This segment provides professional services in the areas of engineering, construction and maintenance for a wide range of infrastrutures. This include:

- Essential traffic networks in, around and between the major cities of the country.
- Turnkey harbours, wharfs, jetties, loading installations and warehouses.
- Refurbishment and construction of airports in conformity with global aviation regulations.
- Design and construction of auxiliary buildings for factories, oil and gas installations and power plants for the oil, gas and energy sector.

The civil works of the subsidiary, Julius Berger Free Zone Enterprise are captured here as well.

Building works

This segment provides professional services in a wide range of building areas. They include:

- Design and construction of buildings that meet the Leadership in Energy and Environmental Design (LEED) standards for certification.
- Design and construction of administration, commercial and industrial buildings, hotels, hospitals, airport terminals, sports facilities and residential districts.

Building works executed by the Subsidiaries Julius Berger Free Zone Enterprise as well as Abumet Nigeria Limited are captured here.

7. Segmental analysis (Continued)

7.1 Principal segment activities (Continued)

Services

This segment includes all other services of the Company which are indirectly linked to the core business:

The business unit Furniture Production which supplies high quality furniture and interior fittings.

Facility management solutions, which ensure that the useful life of a building is extended and repair or renovation costs are significantly reduced. With the use of computer assisted facility and resource management, work flows and process controlling can be optimized and operating costs can be reduced.

Services by Subsidiaries which are offered to Company and external clients:

- Stevedoring and port operation services of Julius Berger Services Nigeria Limited, Warri.
- Design and engineering services of Primetech Design and Engineering Nigeria Limited.
- Medical services of Julius Berger Medical Services Limited.
- Design, Engineering and Procurement Services by Julius Berger International GmbH.
- Activities of Julius Berger Investment Limited to ensure further diversification of the Group.

The segment provides forward looking facility management solutions, which ensure the useful life of a building is extended and maintenance costs are significantly reduced. Available through the segment is a computer assisted facility and resource management, aimed at optimising workflow and process controlling and reducing operating costs.

	Group		Company	
7.2 Segment revenue	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Class of business:	N'000	N'000	N'000	N'000
Civil works	182,150,749	151,865,229	177,198,977	138,788,717
Building works	37,769,414	90,586,278	36,742,651	82,786,253
Services	21,859,292	23,978,720	21,265,047	21,914,008
Total revenue	**241,779,455**	**266,430,227**	**235,206,675**	**243,488,978**
7.3 Segment profit and results				
Class of business:				
Civil works	7,984,725	11,391,366	10,440,492	9,999,913
Building works	3,456,330	6,794,851	4,519,352	5,964,860
Services	1,057,300	1,798,635	1,382,482	1,578,932
Total profit of segments	**12,498,355**	**19,984,852**	**16,342,326**	**17,543,705**
Corporate income/(costs)	(5,387,105)	256,636	(5,554,516)	(924,367)
EBIDTA	**7,111,250**	**20,241,488**	**10,787,810**	**16,619,338**
Finance costs	(3,715,933)	(7,000,207)	(3,717,074)	(7,227,547)
Adjusted profit before tax	**3,395,317**	**13,241,281**	**7,070,736**	**9,391,791**
Other items	461,325	677,530	1,004,273	687,932
Profit before income tax	**3,856,642**	**13,918,811**	**8,075,009**	**10,079,723**

Notes

7.3.1 Corporate costs comprise the costs of operating head office functions and certain overheads.

7.3.2 EBITA is earnings before investment income, finance costs and taxes.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, investment income, other gains and losses as well as finance costs. This is the measure reported to the management for the purposes of resource allocation and assessment of segment performance.

7.4 Information about major customers

Included in the revenue reported by Group are three clients whose individual balances of N28.9 billion, N33.2 billion and N94.0 billion (2019: N111.61 billion) represent more than 10% of the total revenue reported by the Group. No other single client contributed 10% or more to the Group's revenue for 2020.

7.5 Segment assets and liabilities

Group

	31 December 2020			31 December 2019		
	Segment assets	Segment liabilities	Segment net assets/ liabilities	Segment assets	Segment liabilities	Segment net assets/ liabilities
Class of business:	N'000	N'000	N'000	N'000	N'000	N'000
Civil works	87,621,661	(100,161,102)	(12,539,441)	83,947,685	(101,258,251)	(17,310,566)
Building works	52,837,075	(61,881,913)	(9,044,838)	50,621,617	(62,559,758)	(11,938,141)
Services	137,638,263	(85,353,341)	52,284,922	131,867,091	(86,288,288)	45,578,803
	278,096,999	(247,396,356)	30,700,643	266,436,393	(250,106,297)	16,330,096
Net cash	34,931,861	(19,301,811)	15,630,050	34,133,479	(6,211,311)	27,922,168
Unallocated assets/(liabilities)	15,913,375	(17,296,466)	(1,383,091)	13,090,796	(17,015,068)	(3,924,272)
	328,942,235	(283,994,633)	44,947,602	313,660,668	(273,332,676)	40,327,992

Company

	31 December 2020			31 December 2019		
	Segment assets	Segment liabilities	Segment net assets/ liabilities	Segment assets	Segment liabilities	Segment net assets/ liabilities
Class of business:	N'000	N'000	N'000	N'000	N'000	N'000
Civil works	78,850,926	(93,276,518)	(14,425,592)	75,311,727	(92,142,319)	(16,830,592)
Building works	44,559,565	(54,322,595)	(9,763,030)	42,559,523	(53,662,058)	(11,102,535)
Services	126,651,695	(87,797,833)	38,853,862	120,966,973	(86,730,252)	34,236,721
	250,062,186	(235,396,946)	14,665,240	238,838,223	(232,534,629)	6,303,594
Net cash	20,253,663	(19,301,811)	951,852	13,482,732	(6,211,311)	7,271,421
Unallocated assets/(liabilities)	21,030,915	(13,883,639)	7,147,276	20,556,052	(13,736,897)	6,819,155
	291,346,764	(268,582,396)	22,764,368	272,877,007	(252,482,837)	20,394,170

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

Unallocated net assets/(liabilities) principally comprise assets/(liabilities) which are not categorised as part of those of the segments in the group. These are not directly attributable to the activities of the individual segments.

For the purposes of monitoring segment performance and allocating resources between segments the management monitors the tangible and financial assets & liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments with the exception of current tax assets and deferred taxation assets, current tax liabilities and retirement benefit. Assets used jointly by reportable segments are allocated on a rational basis after considering the revenues earned by individual reportable segments.

	Group		Company	
8. Revenue	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Construction contracts	219,920,163	249,288,831	213,941,628	238,580,730
Rendering of services	21,859,292	17,141,396	21,265,047	4,908,249
	241,779,455	266,430,227	235,206,675	243,488,979
9. Investment income				
Interest income	461,325	677,530	461,273	415,932
Dividend received	-	-	543,000	272,000
	461,325	677,530	1,004,273	687,932
10. Other gains and losses				
Profit from sale of property, plant and equipment	1,271,270	510,952	1,272,190	510,952
Net foreign exchange (losses)/ gains	(3,786,034)	(2,160,118)	(4,391,995)	(2,766,063)
Sundry income	1,347,454	1,905,802	1,785,085	1,330,744
	(1,167,310)	256,636	(1,334,720)	(924,367)
11. Finance costs				
Interest on overdraft	2,191,798	4,639,499	2,191,798	4,639,499
Interest on loan	319,156	1,045,993	762,087	1,779,096
Other finance charges	1,204,979	1,314,715	763,190	808,952
	3,715,933	7,000,207	3,717,075	7,227,547
12. Profit for the year				
Profit for the year has been arrived at after charging/(crediting):				
Net foreign exchange losses/(gains)	3,786,034	2,160,118	4,391,995	2,766,063
Depreciation of property, plant and equipment	6,571,548	7,182,166	6,265,650	6,918,696
Net impairment on financial assets	(1,122,986)	1,860,878	(953,699)	2,166,098
Net amortization of right of use assets	1,367,855	1,303,001	1,312,797	585,358
Depreciation of investment property	98,725	98,725	98,725	98,725
Net impairment	220,169	(714,952)	319,792	(714,952)
Audit remuneration (see note 12.1)	103,055	95,925	55,920	55,920
Staff costs (see note 13)	64,833,242	72,372,575	30,551,796	46,278,411
Gain on disposal of property, plant and equipment	(1,271,270)	(510,952)	(1,272,190)	(510,952)

12.1 The total remuneration of the Group's auditor, Nexia Agbo Abel & Co and other professional firms for services provided to the group is analysed below:

	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Audit fees:				
Parent group	52,920	52,920	52,920	52,920
Subsidiaries auditors (Ernst & Young, Deloitte & Touche and G.E Osagie)	47,135	40,005	-	-
Other audit related fees	3,000	3,000	3,000	3,000
Audit and audit-related fees	103,055	95,925	55,920	55,920
Other fees:				
Taxation	13,770	13,770	4,500	4,500
Others	1,350	1,350	250	250
Total fees	118,175	111,045	60,670	60,670

15. Staff costs and employee numbers

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Wages and salaries	61,085,080	57,385,750	47,868,383	44,272,079
Social security costs	4,965	2,885	-	-
Defined benefit plans	1,002,037	1,026,615	411,802	300,623
Defined contribution (pension schemes)	2,261,508	1,856,960	2,092,011	1,685,679
	64,833,262	60,270,206	50,391,796	46,278,411

The average number of employees excluding key management personnel are:

	Number	Number	Number	Number
Senior management	55	35	38	28
Senior staff	711	720	508	319
Junior staff	11,471	10,690	10,854	9,698
	12,237	11,445	11,350	10,245

Analysed as follows:

Senior management	2,608,950	2,289,313	2,079,909	1,668,502
Senior staff	19,557,349	18,770,845	11,154,608	11,085,850
Junior staff	41,771,382	38,618,430	36,713,679	32,996,441
	63,937,681	59,678,588	49,948,196	45,680,793

	Number	Number	Number	Number
Civil works	3,055	2,790	2,757	2,480
Building works	3,987	3,710	3,685	3,116
Services	5,195	4,945	4,908	4,649
	12,237	11,445	11,350	10,245

	Number	Number	Number	Number
Up to - N500,000.00	1,079	1,848	1,079	1,848
N500,001.00 - N1,000,000.00	2,768	2,648	2,714	2,599
N1,000,001.00 - N2,000,000.00	3,963	3,943	3,692	3,165
N2,000,001.00 - N3,000,000.00	1,794	1,626	1,624	1,372
Above N3,000,000.00	2,633	1,380	2,261	1,061
	12,237	11,445	11,350	10,245

16. Taxation

	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
16.1 Income tax recognised in profit or loss				
Current tax				
Current tax expense in respect of the current year	2,908,848	4,426,076	2,065,577	3,502,641
Education tax (2% of assessable profit)	281,734	435,583	274,562	427,470
Police trust fund levy in the current year	416	-	404	-
Adjustments in relation to the current tax of prior years	(25,000)	-	-	-
Deferred tax				
Deferred tax charged in the current year	(866,458)	(76,998)	(207,568)	(531,776)
Total income tax expense recognised in the current year	2,323,540	5,084,661	2,130,970	3,398,342
The income tax expense for the year can be reconciled to the accounting profit as follows:				
Profit before tax from operations	3,096,642	13,916,812	6,875,009	10,079,724
Expected income tax expense calculated at 30% (2019: 30%)	1,136,993	4,175,044	2,062,503	3,023,917
Education tax expense calculated at 2% (2019: 2%) of assessable profit	281,734	435,583	274,562	427,470
Police trust fund levy in the current year	416	-	404	-
Effect of expenses that are not deductible in determining taxable profit	1,770,855	450,037	(598,951)	278,736
Deferred tax expense recognised in the current year	(866,458)	(76,998)	(207,568)	(531,776)
Income tax expense recognised in profit or loss	2,323,540	5,084,661	2,130,970	3,398,342
Relating to the component of profit or loss	2,620,369	5,159,277	2,429,799	3,512,918
Relating to the component of other comprehensive income	(298,829)	(134,616)	(298,829)	(114,616)
	2,323,540	5,084,661	2,130,970	3,398,342

The tax rate used for the 2020 and 2019 reconciliations above is the corporate tax rate of 30% payable by corporate entities in Nigeria on taxable profits under the Companies Income Tax Act.

	Group 31/12/2020 N'000	Group 31/12/2019 N'000	Company 31/12/2020 N'000	Company 31/12/2019 N'000
14.2 Current tax liabilities				
Income tax payable:				
Expense	2,908,848	4,626,076	2,063,572	3,302,643
Provisional payment	(565,662)	(1,154,205)	-	-
	2,343,186	3,471,871	2,063,572	3,302,643
Education tax payable	281,734	455,583	274,562	427,435
Police trust fund levy in the current year	416		404	
	2,625,336	3,927,454	2,338,538	3,730,078
14.3 Deferred tax assets and liabilities				
Deferred tax assets and liabilities are attributable to the following:				
Deferred tax assets	4,413,990	3,798,902	4,011,003	3,617,728
Deferred tax liabilities	(8,498,928)	(8,730,298)	(7,694,250)	(7,508,543)
Deferred tax liabilities (net)	**(4,084,938)**	**(4,931,396)**	**(3,683,247)**	**(3,890,815)**
The gross movement in deferred taxation during the year				
Balance at beginning of year	4,931,396	4,968,395	3,890,815	4,222,591
Profit or loss charge	(547,629)	77,617	91,261	(217,160)
Tax charge relating to components of other comprehensive income	(298,829)	(114,616)	(298,829)	(114,616)
Balance at end of year	**4,084,938**	**4,931,396**	**3,683,247**	**3,890,815**

The movement in deferred tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows;

Deferred tax - Group

Deferred tax liabilities	**Accelerated tax depreciation** N'000	**Adjustments & Fair value gains** N'000	**Others** N'000	**Total** N'000
Balance at 1 January 2020	8,409,392	(665,304)	986,210	8,730,298
Charged to profit or loss	156,523	247,818	(635,711)	(231,370)
Balance at 31 December 2020	**8,565,915**	**(417,486)**	**350,499**	**8,498,928**

Deferred tax assets	**Retirement benefit obligation** N'000	**Impairment & tax losses** N'000	**Provisions and others** N'000	**Total** N'000
Balance at 1 January 2020	39,037	(3,715,797)	(122,142)	(3,798,902)
Charged to profit or loss	(44,572)	(928)	(270,759)	(316,259)
Charged to other comprehensive income	(298,829)	-	-	(298,829)
Balance at 31 December 2020	**(304,364)**	**(3,716,725)**	**(392,901)**	**(4,413,990)**

14.3 Deferred tax assets and liabilities (Continued)

Deferred tax - Company

Deferred tax liabilities	Accelerated tax depreciation	Adjustments & Fair value gains	Others	Total
	N'000	N'000	N'000	N'000
Balance at 1 January 2020	8,180,429	(755,351)	83,465	7,508,543
Charged to profit or loss	147,624	121,548	(83,465)	185,707
Balance at 31 December 2020	**8,328,053**	**(633,803)**	**-**	**7,694,250**

Deferred tax assets	Retirement benefit obligation	Impairment & tax losses	Provisions and others	Total
	N'000	N'000	N'000	N'000
Balance at 1 January 2020	40,335	(3,715,797)	57,734	(3,617,728)
Charged to profit or loss	-	-	(94,446)	(94,446)
Charged to other comprehensive income	(298,829)	-	-	(298,829)
Balance at 31 December 2020	**(258,494)**	**(3,715,797)**	**(36,712)**	**(4,011,003)**

15. Earnings per share

Basic and diluted earnings per share are shown on the face of the statement of profit or loss and other comprehensive income.

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Earnings				
Earnings for the purpose of basic earnings and diluted earnings per share being net profit attributable to equity holders of the Company	7,281,850	7,554,354	5,010,198	6,323,248
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,584,000	1,320,000	1,584,000	1,320,000
Effect of dilutive potential ordinary shares:				
Bonus share	-	264,000	-	264,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,584,000	1,584,000	1,584,000	1,584,000
Earnings per 50k share (Naira) - Basic	4.60	5.72	3.16	4.79
Earnings per 50k share (Naira) - Diluted	4.60	4.77	3.16	3.99

16. Property, plant and equipment

Group	Land	Buildings	Plant & Machinery	Office Equipment	Total
Cost:	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
As at 1 January 2019	6,361,864	10,746,891	110,977,337	2,258,507	130,344,599
Additions		-	7,888,787	115,275	8,004,062
Disposal	-	-	(16,358)	(200,445)	(216,803)
Reclassifications as held for sale	-	-	(1,488,787)	(5,803)	(1,494,590)
Adjustment and exchange difference	-	-	(16,741)	(747)	(17,488)
As at 1 January 2020	6,361,864	10,746,891	117,344,238	2,166,787	136,619,780
Additions	424,917	1,101,733	8,197,968	79,569	9,804,187
Disposal	-	-	(14,780)	(59,664)	(74,444)
Reclassifications as held for sale	-	-	(4,433,542)	-	(4,433,542)
Adjustment and exchange difference	(116,835)	116,835	149,587	9,116	158,703
At 31 December 2020	**6,669,946**	**11,965,459**	**121,243,471**	**2,195,808**	**142,074,684**
Accumulated depreciation:					
As at 1 January 2019	-	4,783,699	81,321,004	1,113,887	87,218,590
Charge for the year	-	306,724	6,798,544	76,898	7,182,166
Disposal	-	-	(16,134)	(200,428)	(216,562)
Adjustment and exchange difference	-	(386)	(34,558)	24,987	(9,957)
Reclassifications form held for sale	-	-	-	-	-
Reclassifications as held for sale	-	-	(1,387,210)	(5,513)	(1,392,723)
As at 1 January 2020	-	5,090,037	86,681,646	1,009,831	92,781,514
Charge for the year	-	321,386	6,182,141	68,021	6,571,548
Disposal	-		(11,863)	(59,664)	(71,527)
Adjustment and exchange difference	-		70,283	-	70,283
Reclassifications as held for sale	-		(4,133,072)		(4,133,072)
At 31 December 2020	-	**5,411,423**	**88,789,135**	**1,018,188**	**95,218,746**
Impairment:					
Balance at 1 January 2019	-	-	1,683,937	99,621	1,783,558
Charges for the year	-	-	-	-	-
Reversal in the year	-	-	(714,952)	-	(714,952)
Balance at 1 January 2020	-	-	968,985	99,621	1,068,606
Charges for the year	-	-	319,790	-	319,790
Reversal in the year	-	-	-	(99,621)	(99,621)
Balance at 31 December 2020	-	-	1,288,775	-	1,288,775
Carrying amount					
At 31 December 2020	**6,669,946**	**6,554,036**	**31,165,561**	**1,177,620**	**45,567,163**
At 31 December 2019	6,361,864	5,656,854	29,693,607	1,057,335	42,769,660

16. Property, plant and equipment (Continued)

Company	Land	Buildings	Plant & Machinery	Office Equipment	Total
Cost:	N '000	N '000	N '000	N '000	N '000
As at 1 January 2019	6,069,940	9,141,074	110,308,213	27,719	125,546,946
Additions	-	-	7,369,391	-	7,369,391
Reclassifications from held for sale	-	-	-	-	-
Reclassifications as held for sale	-	-	(1,486,775)	(5,803)	(1,492,578)
As at 1 January 2020	6,069,940	9,141,074	116,190,830	21,916	131,423,760
Additions	424,917	1,015,632	8,059,904	-	9,500,453
Reclassifications as held for sale	(116,835)	116,835	(4,414,805)	-	(4,414,805)
At 31 December 2020	**6,378,022**	**10,273,541**	**119,835,929**	**21,916**	**136,509,408**
Accumulated depreciation and impairment loss:					
As at 1 January 2019	-	4,455,627	80,769,574	1,374	85,226,575
Charge for the year	-	251,536	6,667,161	-	6,918,697
Reclassifications from held for sale	-	(386)	(24,601)	24,987	-
Reclassifications as held for sale	-	-	(1,385,213)	(5,513)	(1,390,726)
As at 1 January 2020	-	4,706,777	86,026,921	20,848	90,754,546
Charge for the year	-	254,363	6,011,287	-	6,265,650
Reclassifications	-	-	-	-	-
Reclassifications as held for sale	-		(4,115,368)	-	(4,115,368)
At 31 December 2020	**-**	**4,961,140**	**87,922,840**	**20,848**	**92,904,828**
Impairment:					
Balance at 1 January 2019	-	-	1,683,936	-	1,683,936
Charge for the year	-	-	(714,952)	-	(714,952)
Balance at 1 January 2020	-	-	968,984	-	968,984
Reversal in the year	-	-	319,792	-	319,792
Balance at 31 December 2020	**-**	**-**	**1,288,776**	**-**	**1,288,776**
Carrying amount					
At 31 December 2020	**6,378,022**	**5,312,401**	**30,624,313**	**1,068**	**42,315,804**
At 31 December 2019	6,069,940	4,434,297	29,194,925	1,068	39,700,230

Contractual commitment for capital expenditure

There were no capital commitments for the purchase of property, plant and equipment in the year.

17. Non currents assets held for sale

	Group			Company		
	Plant & machinery	Office Equipment	Total	Plant & machinery	Office Equipment	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2019	210,227	-	210,227	208,633	-	208,633
Additions	101,667	290	101,957	101,562	290	101,852
Reclassifications to PPE	(193,242)	-	(193,242)	(193,242)	-	(193,242)
Disposal	(95,690)		(95,690)	(95,690)	-	(95,690)
Balance at 1 January 2020	22,962	290	23,252	21,263	290	21,553
Additions	300,470	-	300,470	299,437	-	299,437
Impairment	(5,876)	-	(5,876)	(5,876)	-	(5,876)
Disposal	(211,683)	(290)	(211,973)	(211,683)	(290)	(211,973)
Balance at 31 December 2020	105,873	-	105,873	103,141	-	103,141

At the reporting date, property, plant and equipment of N300.47 million (2019: N101.67 million) were reclassified as non-current assets held for sale. Assets are transfered to the sales yard when the Company's equipment repair centre determines that the equipment's value will be realised from sale, rather than from continuous use for business operations, and when sale is expected to be completed within one year.

18. Right-of-use assets

	Group		Company	
Buildings	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Cost	N'000	N'000	N'000	N'000
Balance at 1 January	14,760,536	14,760,536	2,503,712	2,503,712
Additions	2,758,197	-	1,152,418	-
Balance at 31 December	17,518,733	14,760,536	3,656,130	2,503,712
Accumulated amortisation:				
Balance at 1 January	1,303,001	-	585,358	-
Charge for the year	1,947,855	1,303,001	1,112,797	585,358
Balance at 31 December	3,250,856	1,303,001	1,698,155	585,358
Carrying amount at 31 December	14,267,877	13,457,535	1,957,975	1,918,354

The Group leases a number of assets in the form of buildings and the Information about leases that do not meet the definition of investment property for which the Group is a lessee is presented above.

19. Intangible assets

19.1 Goodwill

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Cost	4,606,412	4,606,412	-	-
Impairment	-	-	-	-
Exchange difference	6,787,100	4,662,230	-	-
	11,393,512	9,268,642	-	-

The purchased goodwill above exist in the books of Julius Berger International GmbH. It is the Group's policy to test goodwill for impairment annually and more frequently if there are indications of impairment. No impairment loss has been recognised as there are no indications that the goodwill is impaired.

	Group		Company	
19.2 Other intangible assets	asset (Note 19.2.1)	Total	asset (Note 19.2.1)	Total
Cost:	N'000	N'000	N'000	N'000
As at 1 January 2020	2,451,389	2,451,389	-	-
Additions during the year	-	-	-	-
At 31 December 2020	2,451,389	2,451,389	-	-
Accumulated amortisation:				
As at 1 January 2020	188,568	188,568	-	-
Charge for the year	188,568	188,568	-	-
At 31 December 2020	377,136	377,136	-	-
Carrying amount				
At 31 December 2020	2,074,253	2,074,253	-	-
At 31 December 2019	2,262,821	2,262,821	-	-

19.2.1 This represents the present value of future concession payments to Nigeria Port Authority by Julius Berger Services Nigeria Limited relating to the service concession arrangement for Multi-Purpose Terminal C (Canal Berth) at Warri Old Port. The related liability is disclosed in Note 32. The outstanding lease term is 12 years up

	Group		Company	
20. Investment property	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Cost:	N'000	N'000	N'000	N'000
As at 1 January	2,742,372	2,742,372	2,742,372	2,742,372
Additions during the year	-	-	-	-
At 31 December	2,742,372	2,742,372	2,742,372	2,742,372
Accumulated amortisation:				
As at 1 January	949,941	482,360	949,941	482,360
Adjustment	(279,201)	368,855	(279,201)	368,855
Charge for the year	98,725	98,725	98,725	98,725
At 31 December	769,465	949,941	769,465	949,941
Carrying amount				
At 31 December	1,972,907	1,792,431	1,972,907	1,792,431

Investment property is carried at cost and depreciated using the straight line method. The estimated useful life of the investment property is 25 years.

The fair value of the Group's investment property at 31 December 2020 has been arrived at on the basis of a valuation carried out by Kizito Kevin & Partners, an independent estate surveyors & valuers and certified by the firm's partner, Mr Alex O James, FRC/2012/NIESV/00000000117 at that date to be N 1.97 Billion. The group believes that the valuation conforms to the requirement of IFRS 13. The fair value was determined based on the income based approach and the discounted cash flow technique.

In estimating the fair value of the properties, the highest and best use of the properties is their current use, the discounted cash flow technique is used to estimate the income to be generated by the properties in consecutive years of the projection in line with the requirement of IFRS 13.

21. Investments

21.1 Investments in subsidiaries

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
As at 1 January	-	-	16,916,771	16,916,771
Additions during the year	-	-	-	-
Disposals	-	-	-	-
At 31 December	-	-	16,916,771	16,916,771

Investments undertakings are recorded at cost which is the fair value of the consideration paid.

Details of the parent's subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the parent group	
			2020	2019
Abumet Nigeria Limited	Manufacturers and dealers in aluminium, steel, iron or other structural products of such nature.	Abuja, Nigeria	90%	90%
Julius Berger Services Nigeria Limited	Providers of ports services, stevedores, cargo superintendents, port management, warehousemen, agents and proprietors of warehouses.	Abuja, Nigeria	100%	100%
Julius Berger Medical Services Limited	Health care providers for the operation of medical service institutions and all form of medical and health care services.	Abuja, Nigeria	100%	100%
PrimeTech Design and Engineering Nigeria Limited	Engineers, planning, design, development, construction and maintenance of engineering works and products of all description.	Abuja, Nigeria	100%	100%
Julius Berger Investments Limited	Investment company and managers.	Abuja, Nigeria	100%	100%
Julius Berger International GmbH	Providers of logistical and technical support on an international level.	Wiesbaden, Germany	100%	100%
Julius Berger Free Zone Enterprise Calabar	Planning and construction of all kinds and aspects of civil engineering works and related activities as well as maintenance of buildings and facilities in Free Trade Zones.	Abuja, Nigeria	100%	100%

21.2 Other financial assets

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Deposit for shares as at 1 January	2,046,547	2,043,681	-	-
Additions during the year	-	-	-	-
Exchange difference	259,059	2,866	-	-
	2,305,606	2,046,547	-	-

This represent the Group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that the carrying amount are denominated in a foreign currency and translated at the spot rate at the end of each reporting period. Specifically; the exchange differences arising on translation are recognised in profit or loss in the 'other gains and losses' line item (Note 10).
The Group has designated all investments in equity instruments that are not held for trading at FVTOCI on initial application of IFRS 9.

22. Inventories

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Construction materials	4,763,710	5,081,692	3,956,220	4,408,319
Consumables	4,588,638	4,140,851	4,373,922	3,746,377
Spares	6,807,709	9,538,945	6,762,005	9,460,425
Others	663,557	1,091,927	406,152	454,646
	16,823,614	19,853,415	15,498,299	18,069,767
Allowances (22.1)	(285,852)	(332,656)	(157,738)	(211,763)
	16,537,762	**19,520,759**	**15,340,561**	**17,858,004**

22.1 Inventory is stated net of allowances for obsolescence, an analysis of which is as follows:

Balance at beginning of year	332,656	206,025	211,763	65,689
Amount (written back)/charged to profit or loss	(46,804)	126,631	(54,025)	146,074
Balance at end of year	**285,852**	**332,656**	**157,738**	**211,763**

22.2 The cost of inventories recognised as an expense during the year in respect of operations was N116.1 billion (31 December 2019: N101.97 billion).

22.3 Inventories have not been pledged as security for liabilities.

23. Contract liabilities

	31/12/2020 N'000	31/12/2019 N'000	31/12/2020 N'000	31/12/2019 N'000
Construction costs incurred plus recognised profits less recognised losses to date	-	-	-	-
- Less: progress billings	(167,878,168)	(170,121,364)	(167,360,747)	(169,930,198)
	(167,878,168)	**(170,121,364)**	**(167,360,747)**	**(169,930,198)**
Recognised and included in the consolidated and separate financial statements as amounts:				
Due from customers under construction contracts	-	-	-	-
Due to customers under construction contracts	(167,878,168)	170,121,364	(167,360,747)	(169,930,198)
	(167,878,168)	**170,121,364**	**(167,360,747)**	**(169,930,198)**
Analysed as follows:				
Current Portion	517,421	191,166	-	-
Non-current Portion	167,360,747	169,930,198	167,360,747	169,930,198
	167,878,168	**170,121,364**	**167,360,747**	**169,930,198**

	Group		Company	
24. Trade and other receivables	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Trade receivables	N'000	N'000	N'000	N'000
Contract and retention receivables (note 24.5)	144,083,228	132,713,438	129,095,873	121,868,170
Receivables from rendering of services	4,240,428	6,036,700	8,934,649	9,561,665
Less: Allowance for doubtful debt (note 24.3)	(9,438,759)	(8,919,787)	(7,163,100)	(8,540,686)
	138,884,897	129,830,351	130,867,422	122,889,149
Other receivables				
Supplier advances	9,809,426	13,855,268	9,351,402	13,196,826
Amount owed by related entities (note 36.2)	-	-	4,694,221	3,524,965
Amount owed by staff debtors	259,947	152,967	251,352	144,563
Prepayments and accrued income	2,649,243	1,153,327	2,623,457	1,104,473
Other receivables	11,629,010	10,174,224	11,215,421	9,839,880
	163,192,523	155,166,137	159,003,275	150,699,856
Analysed as follows				
Current Portion	98,344,953	102,257,374	94,155,705	97,791,093
Non-current Portion	64,847,570	52,908,763	64,847,570	52,908,763
	163,192,523	155,166,137	159,003,275	150,699,856

Trade receivables expected to be recovered within one year include retentions of Nil (2019: Nil) relating to contracts in progress.

Trade and other receivables are classified as loans and receivables.

The Group has recognised an allowance for doubtful debts (see note 24.3) against all receivables over 6 years because management's continuous efforts to recover these debts is gradually becoming uncertain. Allowances for doubtful debts are recognised against trade receivables based on management's assessment of the credit quality of individual customers, receivables that are in dispute, financial standing of customers and the willingness of the customers to pay.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are more than 3 years outstanding are still considered recoverable.

	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
24.1 Age of receivables that are past due but not impaired				
0 - 3 years	163,192,523	155,166,137	159,003,275	150,699,856
Above 3 years	-	-	-	-
	163,192,523	155,166,137	159,003,275	150,699,856
24.2 Age of receivables that are past due but impaired				
0 - 3 years	2,275,659	379,103	-	-
Above 3 years	7,163,100	8,540,686	7,163,100	8,540,686
	9,438,759	8,919,789	7,163,100	8,540,686

Based on past experience, the group believes that no material impairment allowance is necessary in respect of trade receivables not past due.

	31/12/2020	31/12/2019	31/12/2020	31/12/2019
24.3 Allowances for credit losses	N'000	N'000	N'000	N'000
Balance at 1 January	8,919,789	8,423,300	8,540,686	7,735,762
Impairment losses recognised on receivables	2,086,700	979,155	-	970,796
Amounts written off during the year as uncollectible	-	-	-	-
Amounts recovered during the year	(1,567,730)	(482,666)	(1,377,586)	(165,872)
Balance at 31 December	9,438,759	8,919,789	7,163,100	8,540,686

In determining the recoverability of trade receivables, the group considered changes in the credit quality of trade receivables from the date credit was initially granted up to the end of the reporting period with emphasis on a certificate by certificate basis.

24. Trade and other receivables (Continued)

24.4 Information about concentration risk

Trade receivable exposures are typically with the federal and state governments which are the major customers of the group and credit risks are greatly minimised through forward funding where achievable.

	Group		Company	
24.5 Contract and retention receivables	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Balance at 1 January	132,713,438	140,586,464	121,868,170	122,553,016
Movements in the year	11,329,790	(7,873,026)	7,227,703	(684,846)
Balance at 31 December	**144,043,228**	132,713,438	**129,095,873**	121,868,170
24.6 Impairment of financial assets				
Recognized on trade receivables	2,086,700	1,104,147	-	970,796
Recognized on Withholding tax receivables	444,744	2,343,544	423,687	2,331,970
Impairment losses reversed	(1,567,730)	(482,666)	(1,377,386)	(165,872)
	963,714	2,965,025	**(953,699)**	3,136,894
25. Tax receivables				
Balance at 1 January	27,878,593	19,783,282	26,869,348	19,154,995
Movements in the year	13,203,327	15,950,072	12,735,711	15,194,733
Utilised as tax offset	(5,997,644)	(3,747,680)	(5,824,801)	(3,595,673)
	35,084,276	31,985,674	33,780,258	30,754,055
Allowances	(4,551,825)	(4,107,081)	(4,308,594)	(3,884,707)
Balance at 31 December	**30,532,451**	27,878,593	**29,471,664**	26,869,348
Made up as follows:				
Current portion	2,349,524	3,478,209	2,063,572	3,302,643
Non-current portion	28,182,927	24,400,384	27,408,092	23,566,705
	30,532,451	27,878,593	**29,471,664**	26,869,348

Tax receivable include credit notes deducted at source and remitted to Federal Inland Revenue Services (FIRS).

	Group		Company	
26. Contract assets	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Balance at 1 January	1,539,910	10,483,108	-	8,943,727
Additions	106,547	-	-	-
Reclassifications	-	(8,943,198)	-	(8,943,727)
Balance at 31 December	**1,646,457**	1,539,910	-	-

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for certain construction related services are not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date.

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
27. Issued capital and dividend	N'000	N'000	N'000	N'000
Share Capital (Note 27.1)	792,000	660,000	792,000	660,000
Share Premium	425,440	425,440	425,440	425,440
	1,217,440	1,085,440	1,217,440	1,085,440

27.1 **Share Capital**

The authorised share capital of the company is N800,000 million (2019: N800,000 million). This comprises 1,600 million (2019: 1,600 million) ordinary shares of 50 kobo each. Issued and fully paid share capital consists of 1,584 million (2019: 1,320 million) shares at 50 kobo each. All the ordinary shares rank pari passu in all respects. To the company's knowledge and belief, there are no restrictions on the transfer of shares in the company or on voting rights between holders of shares.

27.2 **Scrip Issue**

Resolved and declared at the 50th Annual General Meeting, the capitalisation of the sum of Naira 132 million (one hundred and thirty-two million Naira) from the retained earnings has been distributed as fully paid-up ordinary shares to the existing shareholders, whose names appeared in the register of members as at the close of business on May 29, 2020 in the proportion of one new ordinary share for every five existing ordinary shares held by them.

27.3 **Dividend**

The Directors are recommending a final gross dividend for the year ended December 31, 2020 in the sum of N633.6 Million (Six Hundred and Thirty Three Million and Six Hundred Thousand Naira) representing N0.40k per 50k share held in the equity of the Company. Subject to approval, it will be paid on 18 June 2021 to shareholders on the register of members as at close of business on 28 May 2021. The dividend has not been provided for and withholding tax will be deducted at the appropriate rate when payment is made.

27.3.1 **Unclaimed Dividend**

Unclaimed dividend is the balance of dividend declared by the Company but yet to be claimed by shareholders after 15 months of initial payment. The amount relates to the portion that has been transferred to the Company by the Registrar in accordance with Securities and Exchange Commission guidelines on Return of Unclaimed Dividends. The amount is payable on demand to shareholders.

Unclaimed Dividend as at 31/12/2020	Year	Registrar N'000	Company N'000
Dividend No. 32	2009	6,799	43,263
Dividend No. 33	2010	10,807	36,950
Dividend No. 34	2011	7,174	83,232
Dividend No. 35	2012	7,927	108,050
Dividend No. 36	2013	7,774	107,136
Dividend No. 37	2014	(2,767)	128,434
Dividend No. 38	2015	1,564	129,284
Dividend No. 39	2016	3,553	79,832
Dividend No. 40	2018	6,464	65,771
Dividend No. 41	2019	26,978	118,404
Dividend No. 42	2020	174,986	-

	Group		Company	
28. Non-controlling interest	31/12/2020 N'000	31/12/2019 N'000	31/12/2020 N'000	31/12/2019 N'000
Balance at beginning of year	37,307	41,559	-	-
Share of profit for the year	3,838	3,748	-	-
Dividend paid to non-controlling interest	(2,000)	(8,000)	-	-
Balance at end of year	39,145	37,307	-	-
29. Borrowings				
Bank overdrafts (Note 29.1)	19,301,811	6,211,311	19,301,811	6,211,311
Term loan (Note 29.2)	7,813,823	9,092,449	7,813,823	9,092,449
	27,115,634	15,303,760	27,115,634	15,303,760

29.1 Bank overdrafts comprise various facilities obtained by the Group to meet import financing and working capital requirements.

29.2 This relates to the drawdown of a loan of €25,000,000 secured from Zenith Bank Plc in 2019 to finance the purchase and importation of various construction equipment. The loan has a tenor of 5 years and repayable in ten (10) equal and consecutive semi-annual installment commencing six (6) months from the date of initial drawdown at an interest of 6.2%.

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
29.2.1 Term loan movement schedule	N'000	N'000	N'000	N'000
Balance at 1 January	9,092,449	-	9,092,449	-
Additions in the year	-	9,092,449	-	9,092,449
Exchange difference	666,563		666,563	
Repayment in the year	(1,945,189)	-	(1,945,189)	-
Balance at 31 December	7,813,823	9,092,449	7,813,823	9,092,449
Analysed as follows				
Current portion	2,510,386	1,818,494	2,510,386	1,818,494
Non-current portion	5,303,437	7,273,955	5,303,437	7,273,955
	7,813,823	9,092,449	7,813,823	9,092,449

30. Retirement benefit liabilities

30.1 Defined contribution plan

Retirement benefits for members of staff are structured through a defined contributory pension scheme, which is independent of the Group's finances and is managed by private pension fund administrators. The scheme, which is funded by contributions from both employees at 8% and employer at 10% each of relevant emoluments, is consistent with the Pension Reform Act 2014.

Staff pensions	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Group	N'000	N'000	N'000	N'000
Balance at 1 January	148,450	140,291	136,141	127,676
Provision during the year	2,241,318	1,856,959	2,092,011	1,685,679
Remittance to pension fund administrators	(2,049,467)	(1,848,800)	(1,901,422)	(1,677,214)
Balance at 31 December	**340,301**	**148,450**	**326,730**	**136,141**

The total expense for the defined contribution plans amounted to N2,241 million (2019: N1,857 million).

30.2 Defined benefit plan - Discontinued scheme

	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Present value of unfunded defined benefit obligation	4,635,549	3,334,920	3,244,121	2,062,135
Net actuarial gains/(losses) not recognised	-	-	-	-
Net liability arising from defined benefit obligation	**4,635,549**	**3,334,920**	**3,244,121**	**2,062,135**
Movements in the present value of the defined benefit obligation in the current year were as follows:				
Opening defined benefit obligation	3,334,920	3,045,094	2,062,135	1,582,142
Current service cost	734,503	816,352	143,892	110,392
Interest on defined benefit obligation	267,510	210,261	267,510	210,261
Actuarial losses due to experience adjustment	953,841	358,174	953,841	358,174
Payments in the year	(655,225)	(1,094,961)	(183,257)	(198,834)
Closing defined benefit obligation	**4,635,549**	**3,334,920**	**3,244,121**	**2,062,135**
Liability in the statement of financial position				
Current portion	340,301	148,450	326,730	136,141
Non-current portion	4,635,549	3,334,920	3,244,121	2,062,135
	4,975,850	**3,483,370**	**3,570,851**	**2,198,276**
The amount recognised in profit or loss and included within staff costs	**3,243,331**	**2,883,572**	**2,503,413**	**2,006,332**
The total amount is recognised in the year analysed as follows:				
Statement of profit or loss:				
Cost of sales	734,503	816,352	143,892	110,392
Administrative expenses	2,508,828	2,067,220	2,359,521	1,895,940
	3,243,331	2,883,572	2,503,413	2,006,332
Other comprehensive income	953,841	358,174	953,841	358,174
	4,197,172	**3,241,746**	**3,457,254**	**2,364,506**

The costs, assets and liabilities of the defined benefit schemes operated by the Group are determined using methods relying on actuarial estimates and assumptions. The actuarial valuation was carried out by Ernst & Young, an independent actuarial firm and certified by the firm's partner, Mr Rotimi Okpaise, FRC/2012/NAS/00000000738.

30. Retirement benefit liabilities (continued)

30.3 In the 2012 financial year, an agreement was signed between the Company and the staff union on staff employments benefits pursuant to the termination of the old scheme under the National Joint Industrial Council (NJIC) agreement. The scheme is designed for the benefit of staff member with at 5 years continuous service for ex-gratia and 10 years continuous service for severance benefits.

There are no planned assets for the scheme as the group believe that these obligations can be supported in the event they become payable. The present value of the defined benefit obligation, and the related current service cost and past service cost, were performed in-house and measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

	Valuation at	
	31/12/2020	31/12/2019
	%	%
Discount rate(s)	9.0	13.5
Expected rate(s) of salary increase	10.0	12.0
Average rate(s) of inflation	11.0	11.0

Note: The discount rate used is the average yield on government securities.

Other assumptions:

- The scheme computation is based on the agreement with the staff unions;
- The basis of computation are in line with the exit bonus and ex-gratia payments; and
- The death rate is ignorable as a minimal number of staff deaths while in service were recorded.

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Amounts recognised in profit or loss in respect of these defined benefit plans are as follows.	1,002,013	1,026,613	411,402	320,653

The expense for the year is included in the employee benefits expense in profit or loss.

31. Trade and other payables

	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Trade payables (Note 31.1)	39,085,652	35,687,226	24,413,474	20,487,494
Amount owed to related entities (Note 36.2)	-	-	27,084,481	17,281,665
Other taxation and social security costs	2,404,681	7,047,779	2,404,681	7,046,786
Accruals and deferred income	13,036,308	12,517,538	4,612,691	7,114,732
Dividend payable (Note 31.3)	1,004,889	867,041	1,004,889	867,041
Other payables	362,715	(66,240)	104,968	57,768
Trade and other payables	55,894,245	56,053,344	59,625,144	52,855,486
Analysed as follows:				
Current Portion	49,720,753	47,026,280	57,611,546	47,988,316
Non-current Portion	6,173,492	9,027,064	2,013,598	4,867,170
	55,894,245	56,053,344	59,625,144	52,855,486

31.1 Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. For all the suppliers, no interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

31.2 Other taxation and social security costs represent deductions of VAT on advances and withholding taxes from suppliers and sub-contractors yet to be remitted to the Federal Inland Revenue Service.

The directors consider that the carrying amount of trade payables approximates to their fair value.

31.3 Dividend summary	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
As at 1 January	867,041	818,885	867,041	800,885
Dividend declared	2,642,000	2,648,000	2,640,000	2,640,000
Dividend Refunded - GTL Registrars	137,848	66,156	137,848	66,156
	3,646,889	3,533,041	3,644,889	3,507,041
Payments - GTL Registrars	(2,642,000)	(2,666,000)	(2,640,000)	(2,640,000)
As at 31 December	1,004,889	867,041	1,004,889	867,041

32. Lease liabilities

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Maturity analysis - contractual undiscounted cash flows:	₦'000	₦'000	₦'000	₦'000
Less than one year	831,249	1,253,076	796,134	271,078
One to five years	8,190,512	7,344,477	873,465	578,677
More than Five Years	12,907,133	12,555,385	750,000	-
Total undiscounted lease liabilities at 31 December	21,928,895	21,152,938	2,419,599	849,755
Lease liabilities included in the statement of financial position at 31 December 2020				
Balance at 1 January	14,839,120	17,118,677	656,476	2,248,493
Addition during the year	2,709,474	-	1,138,396	-
Interest on leases	868,019	759,037	98,065	79,974
Payments during the year	(2,598,493)	(3,038,594)	(1,295,705)	(1,671,991)
Balance at 31 December	15,818,120	14,839,120	597,232	656,476
Analysed as follows:				
Current	1,561,390	1,370,703	179,908	179,908
Non-current	14,288,730	13,468,417	417,324	476,568
	15,818,120	14,839,120	597,232	656,476
Amounts recognised in profit or loss:				
Interest on lease liabilities	868,019	759,037	98,065	79,974
Amortisation of right-of-use assets	1,491,568	1,501,081	1,112,797	585,558
Amounts recognised in the statement of cash flows:				
Total cash outflow for leases recognised in the statement of cash flows:	2,598,493	3,038,594	1,295,705	1,671,991

33. Provisions

	Group		Company	
Balance at beginning of year	873,946	1,074,169	300,000	832,360
Provision no longer required	-	(532,360)	-	(532,360)
Provision for the year	342,406	332,137	-	-
Balance at end of year	1,216,352	873,946	300,000	300,000
Made up as follows:				
Current portion	-	-	-	-
Non-current portion	1,216,352	873,946	300,000	300,000
	1,216,352	873,946	300,000	300,000

34. Reconciliation of profit to net cash provided by operating activities

	Group		Company	
Profit for the year	7,285,608	7,558,102	5,010,598	6,525,248
Adjustments for:				
Investment income	(461,525)	(677,953)	(3,004,273)	(687,952)
Finance costs	3,715,935	7,000,207	3,717,075	7,227,947
Depreciation of property, plant and equipment	6,566,702	7,182,166	6,265,650	6,958,697
Impairment loss	197,520	(855,517)	518,792	(714,950)
Depreciation of investment property	(180,475)	467,581	(180,475)	467,581
Actuarial gains on retirement benefits	933,841	358,174	933,881	358,174
Gain on disposal of property, plant and equipment	(1,270,472)	(511,255)	(1,272,590)	(510,952)
Adjustment/interest on Lease Liabilities	424,913	(1,327,587)	98,065	(656,476)
Amortization of Right-of-use/intangible assets	1,878,485	1,491,568	1,112,797	585,558
Impact of changes in accounting policy	-	-	-	-
(Decrease)/Increase in provisions	342,406	(200,223)	-	(532,360)
Operating cash flows before movements in working capital	19,535,287	20,285,305	15,000,460	18,777,935
Decrease/(increase) in inventories	2,982,997	(4,054,779)	2,517,445	(6,553,788)
Increase in gross amount due from customers	(106,546)	-	-	-
(Increase)/decrease in trade and other receivables	(19,007,423)	22,967,985	(8,305,422)	14,480,615
Increase in tax receivable	(2,586,898)	(7,661,940)	(2,602,516)	(7,714,353)
Increase/(decrease) in retirement benefit liabilities	707,860	(60,189)	418,755	130,283
Increase/(decrease) in trade and other payables	10,513,092	(5,485,216)	6,790,660	(981,231)
(Decrease)/Increase in contract liabilities	(3,987,392)	13,226,518	(2,569,451)	9,301,306
Cash generated by operations	8,148,907	37,317,683	11,231,129	27,639,843
Movement in taxation	(2,339,165)	1,861,404	(1,599,108)	1,635,383
Net cash from operating activities	5,809,742	39,179,087	9,632,021	29,275,226

34. Reconciliation of profit to net cash provided by operating activities (Continued)

34.1 Analysis of cash, cash equivalents and net cash

	Group			
	Balance at 1-Jan-2020	Cash flow	Exchange and non-cash movements	Balance at 31-Dec-2020
	N'000	N'000	N'000	N'000
Cash and bank balances	34,133,479	798,382	-	34,931,861
Cash and cash equivalents	34,133,479	798,382	-	34,931,861
Bank overdraft	(6,211,311)	(13,090,500)	-	(19,301,811)
	27,922,168	(12,292,118)	-	15,630,050

	Company			
	Balance at 1-Jan-2020	Cash flow	Exchange and non-cash movements	Balance at 31-Dec-2020
	N'000	N'000	N'000	N'000
Cash and bank balances	13,482,732	6,770,931	-	20,253,663
Cash and cash equivalents	13,482,732	6,770,931	-	20,253,663
Bank overdraft	(6,211,311)	(13,090,500)	-	(19,301,811)
	7,271,421	(6,319,569)	-	951,852

35. Financial instruments

35.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy is to thrive on quality in offering integrated construction solutions and services while maintaining its core competence and efficient working capital management with low cost for funds.

The capital structure of the Group and Company consists of net debt (which includes the borrowings offset by cash and cash equivalents) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the relevant notes in the consolidated financial statements.

The Group is not subject to any externally imposed capital requirements.

The management of the Group reviews the capital structure on a frequent basis to ensure that gearing is within acceptable limit.

The gearing ratio at the year end is as follows:

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Bank overdraft	(19,301,811)	(6,211,311)	(19,301,811)	(6,211,311)
Debt	(7,813,823)	(9,092,469)	(7,813,823)	(9,092,469)
Cash and bank balance	34,931,861	34,133,479	20,253,663	13,482,732
Net debt (i)	7,816,227	18,829,699	(6,861,971)	(1,821,048)
Equity (ii)	44,947,602	40,327,992	22,764,368	20,394,170
Net debt to equity ratio	0.17	0.47	(0.30)	(0.09)

i. Debt is defined as current and non-current term borrowings as described in note 29.
ii. Equity includes all capital and reserves of the Group that are managed as capital.

35. Financial instruments (continued)

35.2 Categories of financial instruments

	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Financial Assets	**N'000**	**N'000**	**N'000**	**N'000**
Loans and receivables (Amortised Costs)				
Trade and other receivables	139,106,844	129,983,318	135,813,015	126,558,677
Tax receivables	30,532,451	27,878,093	29,471,664	26,869,348
Contact assets	1,046,437	1,339,910	-	-
Other financial assets	2,306,606	2,048,547	-	-
Cash and bank balances	34,911,862	34,133,479	20,253,663	13,482,732
Total Reportable Financial Assets	**208,521,219**	**195,383,347**	**185,538,342**	**166,910,757**
Financial liabilities				
Amortised cost				
Borrowings	27,315,636	15,303,780	27,235,634	15,303,780
Trade and other payables	57,628,018	57,118,456	59,929,144	53,155,686
Lease liabilities	15,810,120	14,839,120	397,232	656,676
Current tax liabilities	2,625,336	3,927,454	2,338,338	3,730,078
Fair Value Through Other Comp Income (FVOCI)				
Retirement benefit liabilities	4,993,020	3,483,370	3,350,851	2,198,276
Total Reportable Financial liabilities	**108,134,958**	**94,672,180**	**93,327,399**	**75,044,496**

35.3 Risk management

The Group has an integrated risk management system that identifies and measures the impact of the risks it faces. Further more, it establishes a framework to evaluate and counteract such risks through various control and monitoring mechanisms. Such risks include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

35.3.1 Market risk management

Market risk exposures are measured using sensitivity analysis and there has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

35.3.1.1 Interest rate risk management

The Group is exposed to interest rate risk from bank overdraft. Since it is repayable on demand, the carrying amount reflects the fair value and the Group's exposure to interest risk as at the reporting date.

35.3.2 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The group utilises a currency mix with part agreement in Naira and part in either Euro or US-Dollar for contracts that are expected to last for more than one financial year.

The Group publishes its consolidated and separate account in Naira. It conducts business in a range of currencies, including Euro and US Dollar. As a result, the Group is exposed to foreign exchange risks, which will affect transaction costs and the translation results.

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Monetary assets/liabilities denominated in Euro				
Cash and bank balances	14,164,457	20,313,343	209,283	519,497
Trade receivables	10,895,471	19,332,000	3,822,272	13,711,253
Trade payables	(24,434,625)	(26,883,269)	(19,125,129)	(24,438,274)
	625,303	12,764,282	(15,093,574)	(10,207,544)
Monetary assets/liabilities denominated in Dollar				
Cash and bank balances	13,151,083	10,626,298	13,018,812	10,245,922
Trade receivables	(18,551,813)	3,564,469	(18,711,195)	2,639,819
Trade payables	25,025	(398,576)	110,152	(326,676)
	(5,375,705)	13,792,191	(5,582,230)	12,559,065

35. Financial instruments (continued)

35.3.2 Foreign currency risk management

For Euro and US Dollar, 22.94% and 12.55% (2019: 0.14% and 1.75%) respectively, are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 22.94% and 12.55% (2019: 0.14% and 1.75%) change in foreign currency rates. Foreign exchange rate risk sensitivity to foreign exchange movements in the above example has been calculated on a symmetric basis. The symmetric basis assumes that a increase or decrease in foreign exchange movement would result in the same amount.

	31/12/2020 N'000	31/12/2019 N'000	31/12/2020 N'000	31/12/2019 N'000
Naira depreciates by 22.94% (2019: 1.75%) against Euro	(10,944)	(225,375)	(3,459,713)	178,632
Naira depreciates by 12.55% (2019: 0.14%) against US Dollar	(7,726)	(16,749)	(700,570)	(17,583)
Impact on reported profit	(18,670)	(242,124)	(4,160,283)	161,049

Foreign exchange rate risk sensitivity to foreign exchange movements in the above example has been calculated on a symmetric basis. The symmetric basis assumes that increase or decrease in foreign exchange movement would result in the same amount.

35.3.3 Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its investing activities (primarily trade receivables), and from its financing activities including deposits with financial institutions and financial guarantees. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (in form of advances), where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacts with government, government institutions and other top rate entities and individuals that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

35.3.3.1 Trade receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company transacts with government, government institutions and other top rated entities and individuals that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. See note 24 for further information.

35.3.3.2 Deposits with financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Surplus funds are spread amongst reputable commercial banks and funds must be within credit limits assigned to each counterpart. Counterpart credit limits are reviewed by the Group's financial controller periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

35.3.3.3 Exposure to credit risks

The carrying value of the Company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	31/12/2020 N'000	31/12/2019 N'000	31/12/2020 N'000	31/12/2019 N'000
Trade receivables	138,844,897	129,830,351	130,867,422	122,889,149
Cash and bank balances	34,931,861	34,133,479	20,253,663	13,482,732
	173,776,758	163,963,830	151,121,085	136,371,881

35.3.3.4 Collateral held as security and other credit enhancements

Except in the form of advances, the Group does not hold any other collateral or other credit enhancements to cover its credit risks associated with its financial assets.

35. Financial instruments (continued)

35.3.4 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity tables

The maturity profile of the recognised financial instruments are as follows:

Group

	< 1 year	1 -3 years	3-6 years	Total
Financial assets	N'000	N'000	N'000	N'000
Trade and other receivables	74,257,274	64,847,570	-	139,104,844
Tax receivable	2,349,524	28,182,927	-	30,532,451
Contract assets	1,646,457	-	-	1,646,457
Other financial assets	-	2,305,606	-	2,305,606
Cash and bank balances	34,931,861	-	-	34,931,861
	113,185,116	95,336,103	-	208,521,219
Financial liabilities				
Bank overdraft	27,115,634	-	-	27,115,634
Trade and other payables	57,628,018	-	-	57,628,018
Current tax liabilities	2,625,336	-	-	2,625,336
Retirement benefit liabilities	340,301	4,615,549	-	4,955,850
	87,709,289	4,615,549	-	92,324,838

Company

	< 1 year	1 -3 years	3-6 years	Total
Financial assets	N'000	N'000	N'000	N'000
Trade and other receivables	70,965,445	64,847,570	-	135,813,015
Tax receivable	2,063,572	27,408,092	-	29,471,664
Contract assets	-	-	-	-
Other financial assets		-	-	-
Cash and bank balances	20,253,663	-	-	20,253,663
	93,282,680	92,255,662	-	185,538,342
Financial liabilities				
Bank overdraft	27,115,634	-	-	27,115,634
Trade and other payables	59,925,144	-	-	59,925,144
Current tax liabilities	2,338,538	-	-	2,338,538
Retirement benefit liabilities	326,730	3,224,121	-	3,550,851
	89,706,046	3,224,121	-	92,930,167

35.3.5 Fair value of financial instruments

Trade and other receivables/payables, cash and cash equivalents and short term investments are valued at their amortised cost, which are deemed to reflect their value.

36. Related party information

36.1 Identity of related entities

Abumet Nigeria Limited	Subsidiary
Julius Berger Services Nigeria Limited	Subsidiary
PrimeTech Design and Engineering Limited	Subsidiary
Julius Berger Medical Services Limited	Subsidiary
Julius Berger International GmbH	Subsidiary
Julius Berger Investments Limited	Subsidiary
Julius Berger Free Zone Enterprise	Subsidiary
Construction Engineering Contracting GmbH	Sub-subsidiary
Key management personnel (Note 36.4)	

i Abumet Nigeria Limited: This is a 90% owned subsidiary of Julius Berger Nigeria Plc. The company entered into various transactions with the related party ranging from purchase of goods and services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

ii Julius Berger Services Nigeria Limited: This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The company entered into various transactions with the related party ranging from stevedoring services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

iii PrimeTech Design and Engineering Limited: This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The company entered into various transactions with the related party ranging from Design and Engineering services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

iv Julius Berger Medical Services Limited: This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The company entered into various transactions with the related party ranging from Medical services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

v Julius Berger International GmbH: This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The company entered into various transactions with the related party ranging from purchase of goods and services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

vi Julius Berger Investments Limited: This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The company did not enter into any transactions with the related party in the period.

vii Julius Berger Free Zone Enterprise: This is a 100% owned subsidiary of Julius Berger Nigeria Plc. The company entered into various transactions with the related party ranging from engineering services, to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

viii Construction Engineering Contracting GmbH: This is a wholly owned subsidiary of Julius Berger International GmbH (a 100% owned subsidiary of Julius Berger Nigeria Plc). The company did not enter into any transactions with the related party in the period.

36. Related party information (Continued)

36.2 Outstanding balances

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Due from related entities				
Abumet Nigeria Limited	-	-	2,109,731	1,617,146
Julius Berger Services Nigeria Limited	-	-	1,990,683	1,348,974
PrimeTech Design and Engineering Limited	-	-	435,056	318,051
Julius Berger Medical Services Limited	-	-	54,341	151,855
Julius Berger Investment Limited	-	-	104,411	88,940
	-	-	4,694,222	3,524,966
Due to related entities				
Abumet Nigeria Limited	-	-	301,555	373,397
Julius Berger Services Nigeria Limited	-	-	415,796	-
PrimeTech Design and Engineering Limited	-	-	48,060	50,013
Julius Berger Medical Services Limited	-	-	646,115	551,308
Julius Berger International GmbH	-	-	25,073,768	15,937,606
Julius Berger Free Zone Enterprise	-	-	559,186	369,341
	-	-	27,084,480	17,281,665

The outstanding balances due from/to related entities are not secured.

36.3 Related party transactions

During the year the company traded with related parties on terms similar to such transaction entered into with third parties as follows:

	Group		Company	
	Sale of goods and services	Purchase of goods and services	Sale of goods and services	Purchase of goods and services
	N'000	N'000	N'000	N'000
Julius Berger Services Nigeria Limited	-	-	881,849	2,273,732
Abumet Nigeria Limited	-	-	691,381	1,393,311
PrimeTech Design and Engineering Limited	-	-	713,863	1,133,993
Julius Berger Medical Services Limited	-	-	693,549	1,272,161
Julius Berger International GmbH	-	-	-	35,726,666
Julius Berger Free Zone Enterprise	-	-	-	-
	-	-	2,980,642	41,799,863

36. Related party information (Continued)

36.4 Key management personnel

Mr. Mutiu Sunmonu, CON	- Chairman
Mr. George Marks (German)	- Vice Chairman
Engr. Jafaru Damulak	- Director
Dr. Ernest Nnaemeka Azudialu-Obiejesi	- Director
Engr. Goni Musa Sheikh	- Director
Mr. Ernest Chukwudi Ebi, MFR, FCIB	- Independent Director
Mr. Karsten Hornel (German)	- Director
Mrs Belinda Ajoke Disu	- Director
Mrs Gladys Olubusola Talabi	- Director
Engr. Dr. Lars Richter (German)	- Managing Director (Executive)
Mr. Martin Brack (German)	- Financial Director (Executive)
Alhaji Zubairu Bayi	- Director Administration (Executive)
Mr. Tobias Meletschus (German)	- Director Corporate Development (Executive)

36.4.1 Remuneration of key management personnel	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Short term benefits	943,601	631,618	943,601	631,618
Long term benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Termination benefits	-	-	-	-
	943,601	631,618	943,601	631,618

The short term benefits include fees and expenses and other remunerations for Directors

36.5 Details of loans from/to key management personnel

There were no loans from/to key management personnel during the reporting period.

36.6 Identify the ultimate controlling party of Julius Berger Nigeria Plc.

No entity has been identified as the ultimate controlling party for the reporting period.

36.7 Other information on key management personnel	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Emoluments:	N'000	N'000	N'000	N'000
Chairman	10,500	10,500	10,500	10,500
Other directors	933,101	621,118	933,101	621,118
	943,601	631,618	943,601	631,618
Fees	52,000	52,000	52,000	52,000
Other emoluments	891,601	579,618	891,601	579,618
	943,601	631,618	943,601	631,618
Highest paid director	316,642	217,070	316,642	217,070

The number of directors excluding the chairman whose emoluments fell within the following ranges were:

N N				
1,000,001 - 3,000,000	7	7	6	6
3,000,001 and above	6	6	6	6
Number of directors who had no emoluments	-	-	-	-

No Director's emoluments other than stated were waived during the year and no payments were made to any Directors, past or present in respect of pension and compensation for loss of office.

37. Guarantees and other financial commitments

37.1 Guarantee, pledge of financial commitments

The Company and its subsidiaries did not guarantee or pledge any financial commitment for liabilities of third parties.

37.2 Contingent liabilities

There are a number of legal suits outstanding against the Company as at 31 December 2020. On the advice of the Solicitors, the Board of Directors is of the opinion that no material losses are expected to arise there from. However, the company has provided for litigation claims.

37.3 Financial commitments

The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these consolidated financial statements.

38. Events after the reporting period

There were no material events after the reporting period which could have had material effect on the state of affairs of the Group as at 31 December 2020 and the profit for the year then ended date that have not been adequately provided for or recognised in the consolidated financial statements.

39. Comparative figures

Certain prior year balances have been reclassified to conform with current year's presentation for a more meaningful comparison.

40. Approval of consolidated financial statements

The consolidated financial statements were approved by the board of directors and authorised for issue on 24 March 2021.

41. Impact of COVID-19

The whole world and therefore the whole Group is affected by the COVID-19 pandemic which started to impact on its operations as from middle of March 2020. Following Governmental regulations on COVID-19, a shutdown of business activities has been carried out between March and May 2020. After a phased and gradual easing of the lockdown, operations across all Julius Berger sites and subsidiaries have resumed. Costs for demobilization and remobilization of construction sites are included in the Cost of Sales Q4 2020. Due to persisting pandemic, the company considered expected future impacts on the basis of the following accounting standards.

1. Expected credit losses under IFRS 9 'Financial instruments'

   COVID-19 can affect the ability of the Group to receive payments as and when due which is an indication of a significant increase in credit risk. For this, the Group reviewed its impairment assessment of trade receivables.

2. Impairment of tangible and intangible assets under IAS 36 'Impairment of non-financial assets'

   As a result of the impact of COVID-19, the Group performed an impairment assessment of assets (in addition to the requirement to perform an impairment test at least annually of goodwill and intangible

3. The net realisable value of inventory under IAS 2 'Inventories'

   Since the company's construction level is abnormally (temporary shutdown of construction sites), the Group has reviewed the costing of inventories to ensure that unallocated fixed overheads are recognised in

4. Deferred tax assets in accordance with IAS 12 'Income taxes'

   Tax considerations, e.g. the impact of a reduced flow of goods and services on transfer pricing agreements, recoverability of deferred tax assets, emergency economic stimulus by tax authorities in the form of special tax rebate has been assessed by the Group.

The Board of Directors is taking all necessary steps to ensure business continuity for the Group and to protect its turnover, results and cash-flow as much as possible against the impacts from the COVID-19 pandemic and its impact on the Nigerian economy.

42. Corporate Diversification

At the meeting held on September 22,2020, the Board of Directors has approved a diversification opportunity for the company within the agro-processing sector. The Board of Directors and the Executive Mangement strongly believes that this diversification direction will support the continued success of the Group in the future and align with the strategic objective of the Government to stimulate value creation in Nigeria.

43. Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Exchange 2015 (Issuers' Rule), Julius Berger Nigeria Plc maintains a Security Trading Policy (Policy) which guides Directors, Audit Committee members, employees and all individuals categorized as insiders in relation to their dealings in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the Policy during the period.

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2020

	Group				Company			
	2020 N'000	%	2019 N'000	%	2020 N'000	%	2019 N'000	%
Revenue	241,779,455		266,430,227		235,206,675		243,488,979	
Bought in materials and services								
Foreign	(21,923,982)		(6,782,257)		(38,568,161)		(47,576,113)	
Local	(135,005,797)		(160,391,734)		(129,064,100)		(125,667,936)	
Value added	**84,849,676**	**100.0**	99,256,236	100.0	**67,574,414**	**100.0**	70,244,930	100.0
Applied as follows:								
To pay employees' salaries, wages, and social benefits:								
Staff costs	64,833,242	76.4	72,372,375	72.9	50,351,796	74.5	46,278,411	65.9
To pay providers of capital:								
Finance costs	3,715,933	4.4	7,000,207	7.1	3,717,075	5.5	7,227,547	10.3
To pay government:								
Taxation	3,190,998	3.8	3,081,659	3.1	2,338,538	3.5	3,730,078	5.3
To provide for maintenance and development								
Depreciation	6,670,273	7.9	7,280,891	7.3	6,364,375	9.4	7,017,422	10.0
Deferred tax	(846,450)	(1.0)	(76,998)	(0.0)	(207,568)	(0.3)	(331,776)	(0.5)
Retained earnings	7,281,850	8.6	7,554,354	7.6	5,010,198	7.4	6,323,248	9.0
Non-controlling interest	3,858	0.0	3,748	0.0	-	-	-	-
Value added	**84,849,676**	**100.0**	99,256,236	100.0	**67,574,414**	**100.0**	70,244,930	100.0

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

Balance sheet

	2020	2019	2018	2017	2016
Non-current assets	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	45,567,363	42,769,640	41,342,451	43,621,129	49,712,834
Right of use assets	14,287,877	13,497,305	-	-	-
Goodwill	11,395,512	9,268,642	9,434,576	9,781,954	8,348,748
Other intangible assets	2,074,253	2,262,821	-	1,383	2,766
Investment property	1,972,907	1,792,471	2,260,012	2,342,484	2,444,460
Trade and other receivables	64,847,570	52,908,763	61,346,789	68,842,492	61,228,646
Tax receivables	28,182,927	24,400,384	17,211,754	14,875,011	26,026,032
Deferred tax assets	4,413,990	3,798,902	2,577,821	2,816,807	5,453,858
Other financial assets	2,305,606	2,048,547	2,045,461	2,025,035	-
Net current liabilities	77,539,032	100,299,125	76,052,400	27,251,433	14,820,415
	252,564,837	252,966,810	212,271,464	171,537,748	166,037,759
Non-current liabilities					
Borrowings	(5,503,457)	(7,273,975)	-	-	-
Retirement benefits liabilities	(4,615,549)	(3,334,920)	(3,045,094)	(2,587,335)	(2,463,491)
Deferred tax liabilities	(8,498,928)	(8,730,298)	(7,546,216)	(7,214,400)	(9,185,562)
Contract liabilities	(167,360,747)	(169,930,198)	(160,609,800)	(122,881,472)	(119,098,895)
Lease liabilities	(14,248,730)	(13,468,417)	-	-	-
Trade and other payables	(6,173,492)	(9,027,064)	(4,578,295)	(8,284,314)	(11,519,264)
Provisions	(1,216,352)	(873,966)	(1,074,369)	(474,296)	(454,232)
Net Assets	**44,947,602**	**40,327,992**	**35,417,890**	**30,095,931**	**25,316,315**
Capital and reserves					
Share capital	792,000	660,000	660,000	660,000	660,000
Share premium	425,440	425,440	425,440	425,440	425,440
Foreign currency translation reserve	15,987,480	9,303,052	10,266,927	9,508,398	7,119,062
Retained earnings	27,683,487	29,882,143	24,059,914	19,447,014	17,065,287
Attributable to equity holders of the parent	44,888,407	40,270,635	35,356,281	30,040,852	25,269,789
Non - controlling interest	59,195	57,357	61,609	55,079	46,526
	44,947,602	**40,327,992**	**35,417,890**	**30,095,931**	**25,316,315**
Revenue and profit					
Revenue	261,779,455	266,430,227	194,617,712	141,890,498	138,993,752
Profit/(loss) before taxation	3,856,642	13,918,812	10,197,666	3,739,140	(1,498,029)
Profit after taxation	7,283,850	7,554,354	6,992,399	4,771,064	3,015,034
Dividend	-	2,642,000	2,648,000	1,322,000	-
Earnings per ordinary share (Naira):					
- Actual	4.60	5.72	5.30	3.61	2.28
- Diluted/Adjusted	4.60	4.77	4.41	3.01	1.90
Net Asset per share (Naira):					
- Actual	28.34	30.55	26.83	22.80	19.18
- Diluted/Adjusted	28.34	25.46	22.36	19.00	15.98
Dividend per share (Naira):					
- Actual	-	2.00	2.00	1.00	-
- Diluted/Adjusted	-	2.00	1.67	0.83	-
- Dividend cover (times)	-	3.32	6.64	4.62	-

Earnings, dividend and net asset per share are based on profit after tax attributable to equity holders of the parent and the number of issued and fully paid ordinary shares at the end of each financial year.

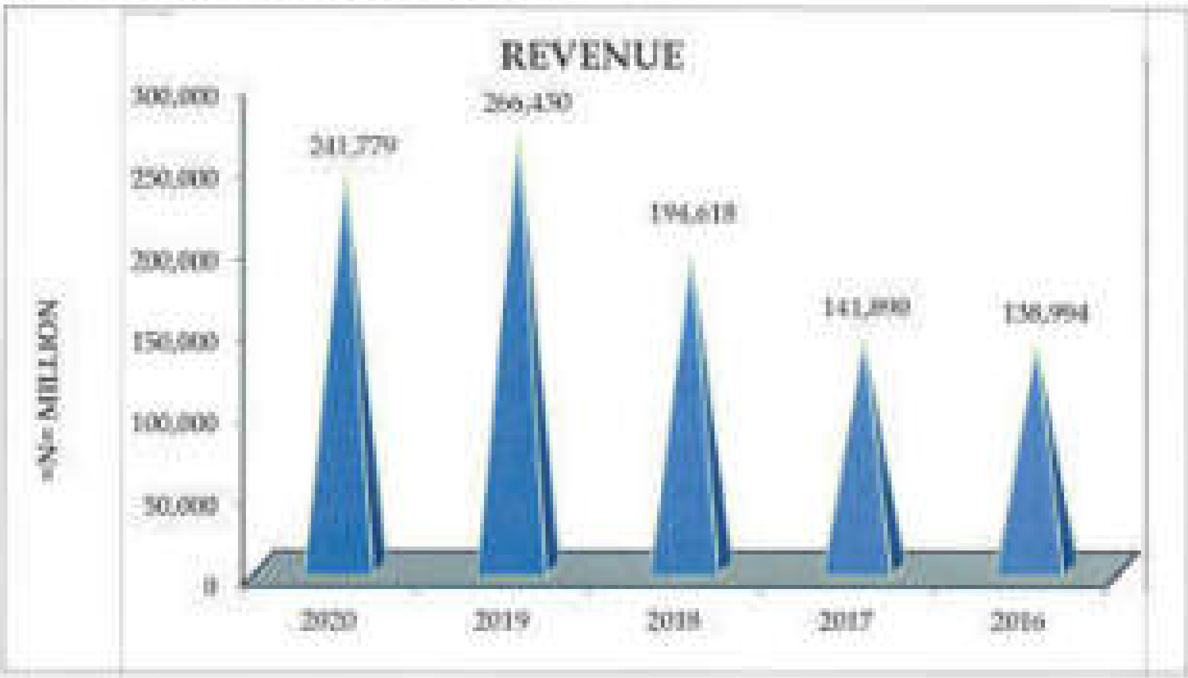
Balance sheet

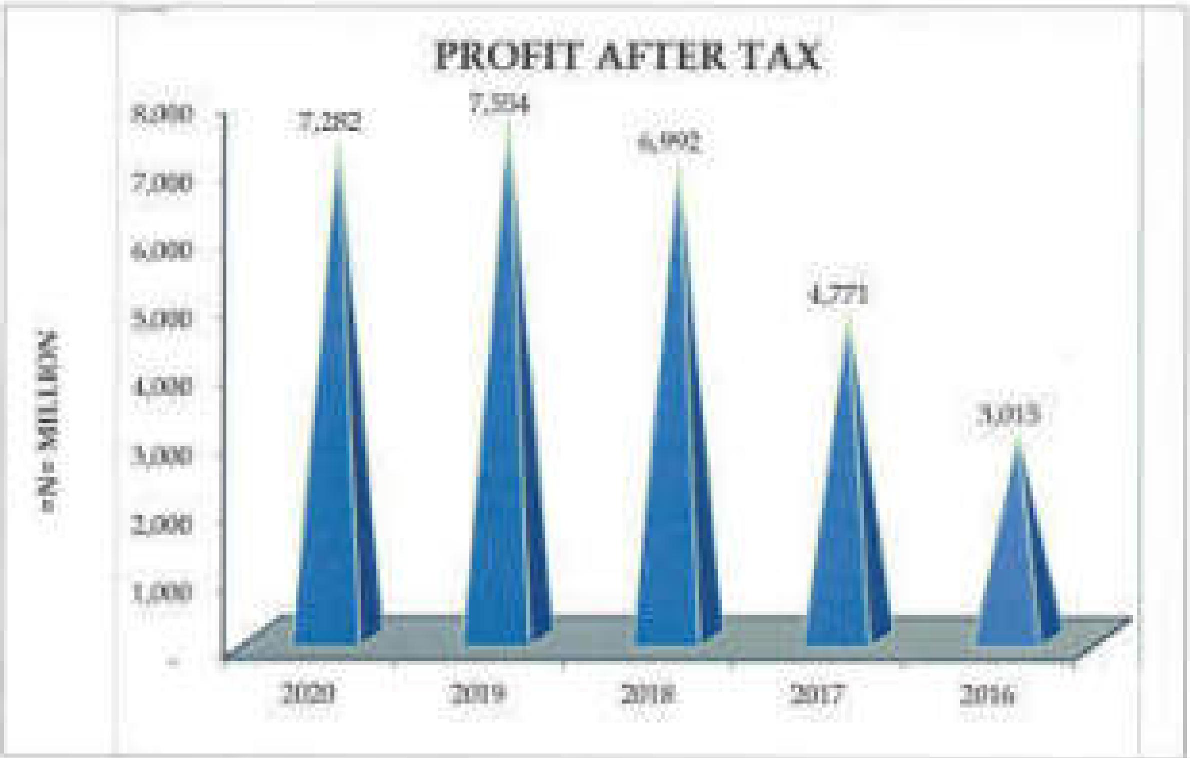
	2020	2019	2018	2017	2016
Non-current assets	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	42,315,804	39,700,230	38,636,436	41,036,466	47,093,218
Right of use assets	1,897,975	1,918,334	-	-	-
Investment property	1,972,907	1,792,431	2,260,012	2,342,484	2,444,460
Investment in subsidiaries	16,916,771	16,916,771	16,916,771	16,916,771	15,193,398
Trade and other receivables	64,847,570	52,908,763	65,128,223	70,689,703	61,209,346
Tax receivables	27,408,092	23,566,705	17,644,652	14,103,168	25,282,312
Deferred tax assets	4,071,003	3,617,728	2,434,847	2,526,664	3,375,286
Net current liabilities	49,847,723	72,391,777	51,843,212	5,504,602	(2,132,893)
	209,277,845	**212,812,759**	**194,864,153**	**153,119,858**	**154,465,127**
Non-current liabilities					
Borrowings	(5,703,437)	(7,273,975)	-	-	-
Retirement benefits liabilities	(3,224,121)	(2,062,135)	(1,582,142)	(1,598,239)	(1,311,668)
Deferred tax liabilities	(7,494,250)	(7,508,543)	(6,657,438)	(6,456,153)	(9,090,213)
Contract liabilities	(167,360,747)	(169,930,198)	(160,609,800)	(122,881,472)	(119,098,895)
Lease liabilities	(417,324)	(476,568)	-	-	-
Trade and other payables	(2,013,598)	(4,867,170)	(8,471,491)	(8,284,314)	(11,319,264)
Provisions	(300,000)	(300,000)	(832,360)	(300,000)	(300,000)
Net Assets	**22,764,369**	**20,394,170**	**16,710,922**	**13,599,680**	**13,145,087**
Capital and reserves					
Share capital	792,000	660,000	660,000	660,000	660,000
Share premium	425,440	425,440	425,440	425,440	425,440
Foreign currency translation reserve	-	-	-	-	-
Retained earnings	21,546,928	19,308,730	15,625,482	12,514,240	12,059,647
Attributable to equity holders of the parent	22,764,368	20,394,170	16,710,922	13,599,680	13,145,087
Non - controlling interest	-	-	-	-	-
	22,764,368	**20,394,170**	**16,710,922**	**13,599,680**	**13,145,087**
Revenue and profit					
Revenue	235,206,675	243,488,979	170,326,746	125,777,848	119,813,392
Profit/(loss) before taxation	8,075,009	10,079,724	6,630,666	1,158,214	(1,239,251)
Profit/(loss) after taxation	5,010,198	6,323,248	4,788,211	454,593	(3,539,365)
Dividend	-	2,640,000	2,640,000	1,320,000	-
Earnings/(loss) per ordinary share (Naira):					
- Actual	3.16	4.79	3.63	0.34	(2.68)
- Diluted/ Adjusted	3.16	3.99	3.02	0.29	(2.23)
Net Asset per share (Naira):					
- Actual	14.37	15.45	12.66	10.30	9.96
- Diluted/ Adjusted	14.37	12.88	10.55	8.59	8.30
Dividend per share (Naira):					
- Actual	-	2.00	2.00	1.00	-
- Diluted/ Adjusted	-	2.00	1.67	0.83	-
- Dividend cover (times)	-	2.49	4.97	3.52	-

Earnings, dividend and net asset per share are based on profit after tax attributable to equity holders of the parent and the number of issued and fully paid ordinary shares at the end of each financial year.

	Group		Company	
	31/12/2020 ₦'000	31/12/2019 ₦'000	31/12/2020 ₦'000	31/12/2019 ₦'000
Revenue	241,779,455	266,430,227	235,206,675	243,488,978
Cost of sales				
Wages, salaries and allowances	41,632,676	33,843,508	32,185,957	30,707,093
Materials & consumables	55,863,751	51,332,403	36,699,028	53,558,478
Sub-contractors	19,040,365	35,501,543	22,802,211	31,139,248
Petroleum products	15,002,527	20,931,216	14,787,852	20,467,066
Transportation of materials	9,582,131	7,927,346	9,487,334	7,241,292
Spares and repairs	12,554,355	20,903,284	14,673,786	19,282,580
Depreciation	6,871,305	7,282,484	6,364,377	7,017,422
Project planning, design and engineering expenses	32,972,412	28,584,799	52,666,684	28,154,893
	193,519,528	206,310,783	189,667,229	197,868,072
Gross profit	**48,259,927**	**60,119,444**	**45,539,446**	**45,620,906**
Marketing expenses				
Advertisement & publications	287,848	139,683	245,350	113,568
	287,848	**139,683**	**245,350**	**113,568**
Administrative expenses				
Salaries and allowances	22,168,979	26,005,460	18,165,839	15,213,145
Rents	3,023,250	1,694,426	1,368,452	1,088,184
Insurance expenses	3,148,734	2,733,082	2,808,370	2,566,511
Travelling expenses	704,769	1,230,733	526,463	995,921
Entertainment expenses	320,546	200,586	91,864	177,571
Motor vehicle expenses	182,751	212,437	163,367	184,359
Medical expenses	1,540,938	1,550,117	1,470,280	1,499,463
Audit fees	100,055	92,925	52,920	52,920
Stationery and general office expenses	1,375,331	2,161,328	3,443,678	1,658,765
Information technology expenses	205,760	236,683	179,363	194,190
Bank charges	112,827	141,078	94,478	98,758
Postage and printing expenses	1,210	11,125	-	-
Legal and other professional fees	1,592,162	1,115,307	1,545,296	1,098,972
Subscription and registration	-	2,750	-	-
	34,510,009	**37,388,057**	**29,905,470**	**24,826,739**
Impairment of financial assets	963,714	2,965,025	(953,701)	3,136,894
Operating profit	**12,498,356**	**19,626,679**	**16,342,327**	**17,543,705**

REVENUE AND PROFIT AFTER TAX





JULIUS BERGER

EARNINGS & DIVIDEND PER SHARE